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**Trade Union Motivations for Corporate Social Responsibility**

**By**

**Syed Sajid Hussain Shah Kazmi**

**A dissertation submitted to  
Middlesex University Business School  
in Partial Fulfillment of the Requirements for  
Degree of  
Doctor of Philosophy**

**Middlesex University**

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## **Abstract**

Trade unions in Europe have showed a mixed response to Corporate Social Responsibility (CSR) and have adopted a broad spectrum of positions on CSR. Prior research has identified five distinct positions of trade unions across Europe by way of which some of the unions perceive CSR as a threat, some are sceptical about the fact that whether CSR could deliver, yet others champion the cause of CSR, whereas two other categories of which some are disillusioned and others lack knowledge regarding CSR.

This spectrum of positions raises the question whether we are going to witness a convergence of union positions over the medium term. The proposed research analyzes the positions adopted by trade unions in Europe. On the basis of this analysis, it tries to explain various strategies adopted by trade unions.

The key argument is that the whole process is linked to neoliberalism. The outcome of neoliberal approach is deregulation, not only of financial market, but labour market as well. Withdrawal of state from regulation of businesses has created a vacuum. There is a vacuum of regulation at the national level and there are inadequate governance mechanisms available at the global level. Businesses have tried to fill this vacuum by engaging in CSR. Trade unions are apprehensive of CSR due to its voluntary nature; greenwashing; questionable nature of CSR tools including audits, awards, an attempt to replace binding rules; and some see CSR as a threat because there is evidence that adoption of CSR as an alternative to binding regulations has hampered trade union power.

Simultaneously, to increase their influence in dealing with the businesses, trade unions want to use the opportunities offered by CSR to gain maximum benefits out of it. Trade unions see similarities in company CSR agenda with trade union agenda. There are trade unions that are progressing CSR agenda. To couple their efforts at the national level, trade unions are trying to develop some supranational regulatory institutions and development of IFAs is an evidence of that. An attempt has been made to provide evidence from the data collected for this study to interpret trade union responses in the light of hypotheses developed in this study.

The dominant paradigm employed for the present study would be interpretivist/qualitative. The reason for preference of interpretivism over the other with relation to the present study is that it tries to explain strategy. The process of strategy formulation is difficult to capture with entirely quantitative approach. There is a lot of brainstorming at the union management level to adopt a certain strategy and to get a handle on how a specific strategy is adopted, it is easy to explain using an interpretive approach.

Doctoral level research is meant to make original contribution towards the existing body of knowledge. The present study seeks to contribute original insights from data collected for this study. Prior research had informed us about the trade unions' principled positions about CSR. The present study analyses the reason why trade unions are getting involved in CSR initiatives by businesses.



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Statistics are the most important ingredient of any research effort. I needed data to answer research questions posed in the dissertation. Since qualitative techniques are used in the present study, I interviewed several people. It was hard to get hold of people who had their busy schedules. I am indebted to all the individuals and organizations that extended their support and shared their views with me to make this study possible. The organizations to which I owe debt of gratitude include Akava, BWI, Comisiones Obreras, DGB, European Trade Union Institute, Fellesforbundet, IndustriALL, ITUC, Prospect, STTK, University College Union, and Unite – the union. I have anonymised the names of respondents to ensure confidentiality, however, I am grateful for their cooperation indeed.

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## **1. Introduction**

The present study aims at understanding trade union motivations to engage in corporate social responsibility (CSR), hitherto taken by trade unions with a grain of salt because it grants more discretionary power to the management. There is widespread evidence that the businesses in Europe are embracing the concept of corporate social responsibility. This is evident from proliferation of CSR reports and other such instruments. Trade unions are the most important players in industrial relations at the European level and a heightened corporate interest in social responsibility has serious implications for trade unions' institutional infrastructure. With the decline in membership of trade unions under neoliberalism, trade unions are facing a deficit in their power vis-à-vis companies. The present study is an attempt to fill gap in literature regarding this particular aspect of trade union response.

### **1.1. Outline of the Present Study**

This study is structured as follows. Chapter 1 introduces the topic and traces the origins of CSR. The existing literature with reference to CSR is reviewed in this chapter and gaps in literature are identified. It also presents an analysis of various approaches about CSR and discusses the ways forward with reference to research questions raised in this study. Chapter 2 outlines and discusses the research methodology and methods to examine the question under research in detail. Chapter 3 discusses the data collected and presents analysis of the data. Chapter 4 deals with the efforts of trade unions at the global level, where it is observed that trade union organisations are trying to develop global governance regimes by engaging with businesses and entering into global framework agreements. Chapter 5 discusses the climate change as an emerging issue and an extension of the trade unions' traditional agenda. Chapter 6 concludes the discussion.

#### **1.1.1 Aims of Chapter 1**

The specific aims of Chapter 1 are:

1. Developing propositions
2. Tracing origins of the concept of CSR

3. Elaborating upon the ambiguity about the concept of CSR
4. National institutional effects
5. Theoretical debates about CSR
6. Elaboration of propositions
7. Identifying gaps in literature

## **1.2. Research Questions and Propositions**

As mentioned earlier, the present study attempts to understand the trade union motivations to embrace the concept of corporate social responsibility at the European level. Three areas of inquiry are outlined below:

### **1: CSR is a product of voluntary regulation by companies.**

It is argued that due to the withdrawal of the state from regulatory activity, a vacuum of regulation has been created. Businesses have tried to fill in that vacuum by engaging in CSR, initially in a reactive manner and then proactively. Voluntarism by definition of CSR is the essence of corporate interest in social responsibility endeavours. Although, the definitional aspects of CSR would be discussed later in this chapter, however, the most important dimension of CSR definition by Commission of the European Communities is the acknowledgment that CSR is adopted by companies on voluntary basis. The Commission has defined CSR as:

*“A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (Commission of the European Communities, 2001).*

This advocates corporate self-regulation, in contrast to mandatory regulation to ensure responsible corporate practices. Literature on International Political Economy (IPE) supports the argument that CSR is not just a business phenomenon but also a political phenomenon. CSR, according to International Political Economy perspective is part of a trend towards private regulation and should be analysed within the context of a shift in political power between state, market, and civil society actors (Clapp & Utting, 2008; Fuchs, 2007; Hirschland, 2006; Jeremy Moon & Vogel, 2008).

Authors such as Doremus et al., 1998; Pauly, 1999; Stopford & Strange, 1991 see CSR emerging in the wake of the processes of economic globalization and

liberalization. These processes result in a governance gap. Historical balance between liberalisation and free trade on the one hand, and states' power of intervention and governance on the other was disturbed in the late 1960s. This imbalance gave way to dissolution of the fixed exchange rate system and a deregulation of the restrictions on capital mobility (Story, 1999; Strange, 1998, 2000). These events facilitated growth of Transnational Companies. The political downside of cross boundary operations of corporations was reduction in governmental ability to control and regulate companies because of the footloose nature of capital. This coincided with the insurgency of neoliberal ideology manifested in the form of Thatcher government in United Kingdom and Reagan administration in the United States.

A regulatory vacuum characterised by reduced state control over global corporate practices provided an opportunity to corporations to embark upon CSR activities in order to gain trust of public and establish legitimacy of their operations through voluntary CSR initiatives. For example, Sadler and Lloyd (2009) are of the opinion that CSR is part of a wider neo-liberal agenda that tries to re-cast the boundaries between corporate-centered voluntarism and state-centered regulation. Hence, CSR emerged as a political project whereby business has tried to shape public policy in favor of voluntary, corporate self-regulation as opposed to mandatory regulation. Consequently, CSR cannot be understood in isolation from the wider debate on power and global governance (Blowfield, 2005; Fuchs, 2007; Moon & Vogel, 2008; Newell, 2000).

It is thus argued that CSR and other forms of private social and environmental governance are a functional response to the new challenges presented by economic globalization and the global governance gap. CSR is seen as a private political project with importance governance implications to regulate corporate social and environmental behavior.

Since CSR is essentially an employer-based agenda and did not come through traditional trade union agenda, trade unions were sceptical about it. However, with the passage of time, they have realised that it is in their interest to engage with companies using the CSR as a vehicle. There are numerous examples of reactive CSR by companies be it Shell and Brent Spar; Shell and its operations in Nigeria and the

treatment of Ogoni people; Nike and child labour in East Asia; IKEA and Greenpeace; etc. Simultaneously, there are instances where companies engage proactively such as participation in the United Nations Global Compact, production of CSR reports, or introduction of accountability initiatives such as SA8000 and AA1000 into their production processes and global supply chains etc. Since companies engage in CSR initiatives due to several reasons including instrumental (self-interest driven), relational (concerned with relationships among group member), political (concerned with desire to develop private governance mechanisms), and/or moral (concerned with ethical standards and moral principles, it is important to understand to what degree trade unions are reactive or proactive to company CSR initiatives.

## **2: The conditions under which trade unions take a reactive/proactive stance.**

The company-internal aspects of CSR clearly dominate the CSR agenda of European trade unions. Among these, there are four issues of particular salience: working conditions, education and training, employee representation and social issues. To put it differently, the emphasis on traditional union concerns is evidence that unions are attempting to utilise CSR as an instrument to further traditional aims. Trade unions have faced deficit of legitimacy and lost their power vis a vis businesses. Among other reasons, neoliberal policies adopted by states have played an important role in relegating trade unions to less privileged position. In their pursuit to regain their lost power and position in the industrial relations, trade unions have started using CSR as a leverage mechanism and are trying to restrain the power of businesses from within. It is attempted in this study to understand under what conditions trade unions take a proactive stance.

Since trade unionism is on decline for the last couple decades in Europe, there is felt need among trade union circles to revitalise their position and get some influence over workplace agenda. In CSR, there is an opportunity available to trade unions to influence workplace agenda and shape industrial relations while maintaining their independent entity. Collaborating with the employers through partnership is one such option available to trade unions. Definition of partnership is still a matter of debate (Ackers et.al., 2004; Ackers and Payne, 1998; Dietz, 2004; Guest and Peccei, 2001;

Stuart and Martinez-Lucio, 2004a) and ambiguity surrounds the concept (Bacon and Storey, 2000: 409). Guest and Peccei (2001: 2007) have described partnership as ‘an idea with which almost anyone can agree, without having any clear idea what they are agreeing about’. Partnership is not a novel idea (Stuart and Martinez-Lucio, 2004; Kelly, 1996:78; Haynes and Allen, 2001) and the idea of ‘enlightened’ consensual relations draws from a long history of modernisation in British industrial relations (Ackers et.al., 2004; Marchington, 1998).

Johnstone, Wilkinson and Ackers (2011) are of the view that a meaningful definition would identify the practices and processes associated with partnership. Employee voice is central to practices of participation, which may involve direct participation, representative participation and financial involvement. The interest for this study lies in representative participation as it forms the basis of employer-union collaboration on CSR. Process of participation is related to decision-making and actor relationship. Dialogue and involvement of trade unions with the employers is the first step in right direction. This may lead to the ultimate goal of joint decision making, starting with companies according trade unions some influence over decision making.

There are mutual benefits of partnership for employers, trade unions and employees. Ackers and Payne (1998, 531, 546), for instance, argue that partnership in case of British trade unions ‘provides an opportunity to return from political and economic exile’. Furthermore, unions may benefit from increased influence, greater access to information, job security and inter-union co-operation and employers may benefit from a new cadre of representatives, improved relations with unions, and assistance with the facilitation of change (Marchington, 1998).

It is argued that trade unions take a reactive stance in cases where businesses unilaterally engage in CSR activities ignoring employee representatives. For instance, trade unions adopted a reactive stance towards unilaterally developed codes of conduct as these were claimed by businesses as their expression of social responsibility, except for few of them that have been developed in consultation with trade unions. However, trade unions take these instruments as encroachment on and an alternative to governmental regulation. Herrnsstadt (2001) has noted trade unions’ criticism of codes of conduct as these confuse and distract consumers, workers and



policymakers. If trade unions get involved in the development of these codes of conduct, that would provide them with an opportunity to influence private standard setting. Similarly, trade unions adopt a reactive position when they are convinced that some CSR activities by some of the companies are mere public relations exercise.

Dawkins (2009) is of the opinion that trade unions exhibiting organizing and covenantal strategies are more likely than others to take a broad and proactive stance. Trade union desire to prevent CSR from becoming a substitute for regulation forms the basis of trade unions' proactive stance towards business initiatives of CSR. Trade unions also want to pre-empt NGOs becoming surrogate stakeholders and this compels trade unions to engage proactively with businesses on CSR initiatives. Furthermore, like the few mutually agreed codes of conduct, trade unions have exhibited a proactive approach through their involvement in development of International Framework Agreements which are preferred over unilaterally decided codes of conduct.

### **3: The policy implications for trade unions under reactive and/or proactive approaches**

Trade union may view socially engaged organisation as one that is concerned about all people, both internal and external to the organisation. If there is a perception about an organisation that it has a general concern for fairness (e.g., respect and care for the environment, for better working conditions), the logical deduction by employees may be that chances are that conditions will be fair for them, thus satisfying their need for control. Therefore, employees seek and promote CSR in order to maximise their own outcomes.

Since the employees distance themselves from the management, they are more likely to evaluate and react to the organisation's CSR initiatives. Rupp et al., (2006) have used justice framework and by comparing organisational justice and CSR literature, have found commonalities between these two streams of literature. The common thread between CSR and justice is fundamental ethical assumption of normative treatment (Folger, Cropanzano & Goldman, 2005). Organisational justice refers to how employees judge management and the organisation's behaviour in treating

employees as fair or otherwise. CSR includes not only the treatment of employees but also the environments external to the organisation.

Perception of fair treatment benefits both employees and the organisation as perception of fair treatment renders employees happy and induces them to work harder. On the other hand, under unjust conditions, employees reciprocate through lowered performance and vengeful behaviour (Ambrose, Seabright & Schminke, 2002; Aquino, Tripp & Bies, 2001; Tirpp, Bies & Aquino 2002 in Aguilera et al. 2008, p 5)

Empirical evidence supports the notion of fair treatment and its outcome. For example, when employees feel they are treated fairly by their organisation, they are more likely to trust the organisation (Konovsky & Pugh, 1994), to feel supported by it (Masterson et al., 2000), and to perceive high-quality social exchange relationships with the organisation/management (Rupp & Cropanzano, 2002). When organisational authorities are trustworthy, unbiased, and honest, employees feel pride and affiliation and behave in ways that are beneficial to the organisation (Huo et al., 1996; Tyler & Degoe, 1995; Tyler et al., 1996).

Virtue has its own reward (Cropanzano et al., 2001; Folger, 1998) as empirical evidence suggests that even if the individuals are not the beneficiaries of fair treatment themselves, they are concerned with fairness (Kahneman, Knetsch & Thaler, 1986; Turillo et al., 2002). Evidence suggests that employees will seek to prefer working for organisations whose strategies are consistent with the employees' moral or ethical frameworks (Folger, Cropanzano & Goldman, 2005). Moral motives also potentially influence employees' participation in various CSR initiatives. Employees not only get involved with initiatives that directly affect themselves or groups they identify with but also with causes they feel are fundamentally just and relevant to the establishment of a moral community. For example, Barbian (2001) presents the evidence that many individuals are willing to take less pay in order to work for socially responsible firm.

### **1.3. Origins of CSR**

Corporate social responsibility has a long history and one can trace the evidence for business concern for social issues for centuries. In the following two sections, an attempt has been made to trace the origins of CSR. It is argued that CSR is embedded in Anglo-American tradition of capitalism and in philanthropic intentions of business people.

#### **1.3.1. Anglo-American Origin of CSR**

Concept of Corporate Social Responsibility (CSR) is largely embedded in Anglo-American capitalism. But it has increasingly been adopted by businesses in Europe. There is equal evidence of rise and spread of CSR as an American concept elsewhere in the world and Europe is no exception in this regard. It does not mean to say that this spread is also of the same magnitude. CSR has been manifest in all parts of the globe, including Africa, Australasia, South America and South, East and South-East Asia (Moon and Sochacki, 1996, 1998; Birch and Moon, 2004; Fukukawa and Moon, 2004; Chapple and Moon, 2005; Puppim de Oliveira, 2006; Visser, Middleton and McIntosh, 2005; Welford, 2005). Its emphasis on voluntary action rather than regulation has resulted in some tensions in the transfer of CSR to the European setting.

Anglo-Saxon concept of CSR came in specific context in the United States when US society was confronted with the rise of Modern Corporation and its repercussion for the society. Clark (1916, p. 210) stressed the need for an “economics of responsibility, developed and embodied in our business ethics” adding that this sense of social responsibility, while being a potential guide for legislation, ought to remain independent of it (Clark, 1916).

The US specific concept of corporate discretion of CSR is in conflict with more regulated European tradition of granting employees and well-defined scope to influence corporate decision-making (Dobbin and Boychuk, 1999; Marsden, 1999; Bamber, Lansbury and Wailes, 2004)

In Europe, the academic debate on CSR is at nascent stage, but is increasingly gaining momentum (Garriga and Mele', 2004). Academics are looking at the expansion of CSR in management education (Mahoney, 1990; Matten and Moon, 2004), the use of CSR tools (Langlois and Schlegelmilch, 1990; Kolk, 2005) its role in ethical spending in terms of donations for educational, and social or environmental causes (Brammer and Pavelin, 2005).

The concept of CSR has exhibited a pattern since 1950 where there are ups and downs in interest among corporate critics and managers. Since 1990s, the interest has been steadily increasing. Vogel (2005) and Habisch and Jonker (2005) have pointed out three related developments for this pattern. They attribute this pattern to political, economic and societal reasons. According to them, national governments have faced deficit of sovereignty in terms of their ability to control transnational corporations. The erosion of power of national governments is evidenced through persistence of social welfare problems, such as large-scale unemployment.

There has been an increase in awareness regarding environmental problems and persisting social inequality among the civil society in industrialised countries. This awareness is coupled with new opportunities for addressing political and social concerns parallel to traditional party politics. At the economic front, the process of globalization and less restrictions on the movement of capital, media vigilance and advances in IT, have raised social expectations from business.

Table 1 gives a chronology of developments regarding CSR at the European level. It reveals as to how in Europe, concern for environment and sustainable development turned into concern for responsible business.

**Table 1: 15 Years of Business-Policy Interaction Driving the CSR Movement**

Year	Activity
1980: World Conservation Strategy is released	International Union for Conservation of Nature (IUCN) releases World Conservation Report. The section "Towards Sustainable Development" identifies the major culprits of habitat destruction, and calls for a new

	International Development Strategy aimed at rectifying the problems
1982: Business in the Community founded	Business in the Community, a membership organisation, is founded by UK based businesses. Their main goal is corporate social responsibility.
1987: The Brundtland Commission Report	The Brundtland Commission publishes report "Our Common Future". The report is considered a landmark as it introduces the concept of sustainable development and defines it as: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."
1992: Rio Earth Summit	"Earth Summit" is held in Rio de Janeiro. The Summit establishes the Rio Declaration on Environment and Development, outlining 27 principles supporting sustainable development. They also agree upon a plan of action, Agenda 21, and recommend that all countries put forth national sustainable development strategies.
1993: European Commission president appeals to business on CSR	European Commission President Jacques Delors makes an appeal to businesses' talent and solutions to address Europe's structural problems of unemployment, restructuring, and social exclusion. Jacques Delors invites enterprises to adopt a European Declaration against social exclusion.
1994: Pioneering companies design first level playing field for CSR	In response to Delors appeal, pioneering European companies design first level playing field for CSR. They define principles, areas of action, and examples for business involvement in joint efforts against social exclusion in Europe.
1995: European Business Declaration against Social Exclusion	Business leaders and Delors adopt and announce 'The European Business Declaration against Social Exclusion' and call for the development of European network for the exchange of information and experience.
1996: The European Business Network for Social Cohesion (EBNSC)	The initial signatories of the Declaration set up The European Business Network for Social Cohesion renamed CSR Europe in 2000.
1997: Businesses engage in the European Year Against Racism	EBNSC succeeds in mobilising a critical mass of companies across Europe to address discrimination at work and in the community.
1997: GRI	The Global Reporting Initiative is launched to develop sustainability reporting guidelines
1998: Launch CSR Europe's online Resource Centre	Business leaders, together with the President of European Commission, Jacques Santer, launch the European Resource Centre on CSR, later integrated into CSR Europe's website.
1999: UN Global Compact	Secretary-General for the United Nations Kofi Annan implores business leaders to join the Global Compact; an international initiative that would team companies up with UN agencies to support principles in the areas of human rights, labour and the environment.
1999: Business and Government joining forces for Employment	The Portuguese EU presidency invites leaders of CSR Europe to form Danish Centre for CSR to provide input into the European Summit on Employment, Economic Reform and Social Cohesion to

and Social Cohesion	be held in Lisbon.
2000: Plans for promoting CSR to Portuguese Prime Minister	Twenty European CEOs address all Heads of State and Government and promote 12 ways to promote CSR.
2000: European Heads of State and Governments make an appeal on CSR	At the concluding session of the European Lisbon Summit, 15 Heads of State and Governments make an appeal on the business case for CSR and place CSR at the heart of the Lisbon Strategy 2010.
2001: Green Paper	Promoting a European Framework for CSR
2001: Belgian EU Presidency Conference on CSR	Belgian EU Presidency Conference on CSR proposes European Multi-Stakeholder Forum.
2002: First European Commission Communication on CSR	In response to Commission's Green Paper on CSR, Commission releases its first communication. It includes a European definition of CSR, the principles of a European Multi-Stakeholder Forum on CSR and the way in which European Commission relates to specific European policies.
2002: Launch of the European Academy of Business in Society (EABIS)	CSR Europe in collaboration with Copenhagen Centre for CSR team up with universities and business schools to find the EABIS with an objective of creating a world-class reference point to integrate CSR into the mainstream of business practice, theory and education and enhance models of sustainable business success.
2002: European Trade Commissioner's challenge to business	Mr. Pascal Lamy, European Commissioner for Trade challenges European businesses to forge business-to-business alliances towards trade for aid activities. He urges CSR Europe members to lead businesses worldwide and provide best practice information to contribute to European Multi-Stakeholder Forum on CSR.
2004: The European Multi-Stakeholder Forum on CSR	European Commission hosts Multi-Stakeholder Forum on CSR.
2006: Second European Commission Communication on CSR	European Commission renews its policy on CSR through a communication to the European Parliament. The Communication entitled "Implementing the partnership for growth and jobs: making Europe a pole of excellence on CSR" entails key elements such as the integration of CSR within relevant European policies, MSF, European Alliance for CSR, support for CSR research.
2010: Europe 2020 Strategy	Europe 2020 Strategy calls for the need for a 'new agenda that puts people and responsibility first'.
2011: New European Policy on CSR	The European policy on CSR states that to meet their social responsibility, enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders.

Source: Adopted from CSR Europe website: <http://www.csreurope.org/pages/en/history.html> and CSR Canadian Centre for Excellence in CSR <http://www.cim.org/csr/MenuPage.cfm?sections=67,139&menu=140>

### **1.3.2. Philanthropic Origins of CSR**

It could be argued that the motivation for engaging in CSR is always driven by some kind of self-interest (Moon, 2001), irrespective of whether the activity is strategically driven for commercial purposes alone, or whether it is driven by altruistic concern, even if it is done superficially.

Commercial sector-driven CSR is influenced by liberal CSR discourse, which is manifested in businesses' desire to contribute to welfare of some of the stakeholders and simultaneously expecting returns in terms of community patronage business i.e., business self-interest. Lantos (2003) and Porter and Kramer (2002) capture this duality where they ascribe this as 'strategic philanthropy'. It is also equivalent to Carroll's 4<sup>th</sup> dimension of CSR. Brejning (2012) is of the view that most analysts making reference to historic CSR will make the point that beside the altruistic motivations, there is a possibility of self-interest incentives for the various CSR initiatives (Brejning, 2012: 59). Cannon (1992) terms it as ruling classes' fear of 'the mob'.

Origins of 'self-interest' type of CSR can be seen in corporate philanthropy. It is rooted in British and American history with the Quakers. "Quakers became known for integrity both in personal relationships and in business affairs; they honoured contractual promises and they maintained fixed prices for goods . . ." (Murray- Rust, 1995). The pioneers of Victorian era CSR – the companies such as Whitebread, Truman, Lloyds, Darby, Barclays, Cadbury, Rowntree, Pilkington, Wills and Players were the corporations owned by wealthy Quaker entrepreneurs.

In the past four decades, CSR has been discussed with varying degree of intensity and although, the current emphasis on social responsibility of business seems a recent phenomenon, yet it is not the only time when this debate has come to fore. The idea that business has societal obligations was evident at least as early as the nineteenth century. Visionary business leaders in Britain built factory towns in the post-

industrial period. Bourneville founded by George Cadbury in 1879 and Port Sunlight founded by William Lever in 1888. These were intended to provide workers and their families with housing and other amenities when many parts of the newly industrialized cities were slums. US exhibits the similar trend, the example of George Pullman's town built on the outskirts of Chicago was described as "the most perfect city in the world." Similar philanthropic activities by business were widespread in Sweden and Denmark in the nineteenth century as exhibited by contemporary England. De Geer et al., (2009) mention housing, fuel, and alimentary goods as examples of nineteenth century corporate welfare provisioning. This was a manifestation of industrial employers' role that is termed as 'pater familias'.

In the United Kingdom, Sir Titus Salt founded Saltaire just outside Bradford in 1851. Bradford being the world's wool textile capital then, was also known as the most polluted town in England, with factory chimneys churning out black, sulphurous smoke and factory effluent and sewage being dumped into the local river that also provided the town's drinking water, leading to cholera and typhoid. Such were the effects of the industrial pollution that average life expectancy in Bradford was only 20 years. Daniel Salt and Sons was one of the most important textile companies in Bradford and the largest employer. In response to conditions in the city and needing a suitable site for a new factory, Titus Salt moved from Bradford and built a new industrial community called Saltaire. By the time of his death in 1876, this included 850 houses for his workers, each served with fresh water from Saltaire's own reservoir, as well as a park, church, school, hospital, and a library.

Cannon (1992) has also explained rise and development of CSR in the English context and how it assumed the modern form by citing the examples of wealthy industrialists establishing Sunday schools, libraries, civic universities and engineering institutions. Cannon also points out that some of these factory owners built model communities for their workers to take care of their workers' housing needs.

Besides these philanthropic ideals, the Victorian period also exhibits the influence of religious values, giving rise to activities that were directed at poor and the disadvantaged. Philanthropic ideals coupled with religious fervour gave birth to the activities that are considered early forms of CSR. It is pertinent here to mention that



Christianity is not the only religion to preach philanthropy. The other religions such as Islam, Judaism and Buddhism emphasize to help the less fortunate. For example Ren in Chinese is translated as: “Human-heartedness, or loving benevolence toward other humans: a pivotal ethical notion in Confucianism” (Smart, 1989, p. 106). Hence it could be argued that religious beliefs could also motivate philanthropy or CSR. The religious motive could further be based on person self-interest of securing an elevated position in the hereafter such as securing a place in heaven (Christianity, Islam), or to practice Karma (Hinduism, Buddhism and Jainism).

Cannon (1992) is not alone when he attributes philanthropic ideals as strong motivations for businesses to engage in CSR. There are others such as Clark (1997) who sees linkage between contemporary forms of CSR and the philanthropic activities of Victorian industrialists. In the English context, CSR could be considered as continuity rather than a new phenomenon, except for the period post 1930s. In 1930s, world underwent the Great Depression and the classical school recipes failed to provide solutions to the economic problems. Along with this, it also exposed the limitations of the private sector as provider of public good and agent of social change. At this juncture in time, Keynesian prescriptions suited the symptoms, focus shifted towards the government that phased out private CSR. The government gradually assumed more and more responsibility for tackling issues relating to social justice, disadvantage and unemployment. Public provisioning narrowed down the scope for business to play a direct role as social provider (Cannon, 1992; Moon, 2004). Similar trend has been widely documented in literature (Jensen, 1999; Korpi 2002; Bundesen, 2003) about Denmark where it is noted that practice of private philanthropy diminished as responsibility for social insurance was gradually taken over by the public sector.

Unfortunately, out of a majority of businesses around the world, Saltaire, Cadburys and Port Sunlight are exceptions as against the rest exhibiting norms. These are examples of paternalistic capitalism. Salt also wished to promote moral virtue among his workers. Crawford (1995) noted:

*“Bradford was polluted, unhealthy and immoral; at Saltaire the physical, material and moral improvement of the workers was to be promoted by a good employer.” Nonetheless, while Salt would not have been familiar with the term, he clearly supported the fundamental idea embedded in corporate social*

*responsibility, “that business corporations have an obligation to work for social betterment.”*

#### **1.4. CSR Mysticism**

Debates about corporate social responsibility have been ongoing for decades with periods of fast developments. Some argue that corporate social responsibility makes good business sense as it revolves around maintenance of future markets and cost avoidance in the long run. Yet others believe that it is the ethical responsibility of corporations to discharge social responsibilities. Traditionally, business management focused its concern on profit maximizing objective.

At the advent of the new millennium, collapse of ostensibly successful corporate institutions like Enron and WorldCom brought back the discussion of ethical foundations of businesses. Enron debacle was followed by Anderson, WorldCom, Tyco, and Adelphia. These events have called into question the fidelity of corporations. Media, non-governmental organisations and general public question acceptable business practices in the pursuit of profit. Demand for corporate governance measures and CSR is justified in this backdrop.

The demand for wider accountability and responsible corporate behaviour is also shared at the European governmental level, which is evident from a European Commission Green Paper, followed by communications and its Commission's alliance with the industry and other relevant stakeholders.

The European Union being a very important economic entity in the world is concerned with corporate social responsibility because CSR can be a positive contribution to the strategic goal decided in Lisbon. In the Lisbon Summit (March 2000), it was agreed upon to make efforts geared to ensure that businesses behave responsibly, "to become the most competitive and dynamic knowledge-based

economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".<sup>1</sup>

Although, the concept of CSR is widely accepted and recognized, there is no consensus regarding what is meant by it, either among corporate actors or other constituencies such as academia, practitioners, media etc. As a result, the term is repeatedly being used at different platforms but nobody really has a conceptual clarity as to what it stands for. It is still a vague concept and as far as the definitional aspects are concerned, sky is the limit. It has been debated by academia, business, trade unionists and governments in different arenas and each one of these constituencies have differing understanding of the acronym.

The following two comments by Votaw (1972) and Garriga and Melé (2004) express the concern about vague nature of the concept.

*"Corporate social responsibility means something, but not always the same thing to everybody." Votaw (1972, p. 25)*

*"The Corporate Social Responsibility (CSR) field presents not only a landscape of theories but also a proliferation of approaches, which are controversial, complex and unclear." Garriga and Melé (2004, p. 51)*

In a similar vein, Moon and Gond (2011) review CSR definitions and based on their analysis, use animal, market and philosophical metaphors to describe CSR. They describe CSR as 'chameleon concept' due to its ever-changing nature. Moon and Gond (2011) express CSR as dynamic, overlapping and contextual. It is dynamic due to changing business-society relations; it is overlapping as it draws upon several related fields such as business ethics, corporate governance, business strategy, sustainability, business-society relations, and business-government relations; and it is contextual because it has evolved in different national contexts, incorporating national and sectoral heterogeneity. These three characteristics of CSR lend, according to Moon and Gond (2011), several labels including business responsibility, corporate social performance, corporate social responsiveness, triple bottom line, corporate stakeholder responsiveness, and corporate citizenship among others.

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<sup>1</sup> [http://circa.europa.eu/irc/opoce/fact\\_sheets/info/data/policies/lisbon/article\\_7207\\_en.htm](http://circa.europa.eu/irc/opoce/fact_sheets/info/data/policies/lisbon/article_7207_en.htm)

Carroll (1991) takes a stock of the concept of CSR as discussed by various authors. He tracks the historical mention and growth of the concept of CSR and mentions the work of Bowen (1953), Heald (1957), Selekman (1959), and Eells (1956) during the decade of 1950.

Carroll (1991) regards Howard R. Bowen as ‘father of corporate social responsibility’ due to Bowen’s seminal work in this field. Carroll (1991) is of the opinion that Bowen’s book ‘*Social Responsibilities of the Businessman*’ is a pioneering contribution of the modern period of literature on this subject. Bowen (1953) focused on the importance of responsible management and shared Acquier and Aggeri’s (2008) concern for the threat of stifling entrepreneurial freedom through social control.

Carroll (1979) gave a new conceptualization of CSR that included the idea that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well.

**Figure 1: Four Portions of CSR Pyramid**

<b>Figure 1</b> <b>Economic and Legal Components of Corporate Social Responsibility</b>	
Economic Components (Responsibilities)	Legal Components (Responsibilities)
1. It is important to perform in a manner consistent with maximizing earnings per share.	1. It is important to perform in a manner consistent with expectations of government and law.
2. It is important to be committed to being as profitable as possible.	2. It is important to comply with various federal, state, and local regulations.
3. It is important to maintain a strong competitive position.	3. It is important to be a law-abiding corporate citizen.
4. It is important to maintain a high level of operating efficiency.	4. It is important that a successful firm be defined as one that fulfills its legal obligations.
5. It is important that a successful firm be defined as one that is consistently profitable.	5. It is important to provide goods and services that at least meet minimal legal requirements.

Source: Carroll, A. B. (1979)

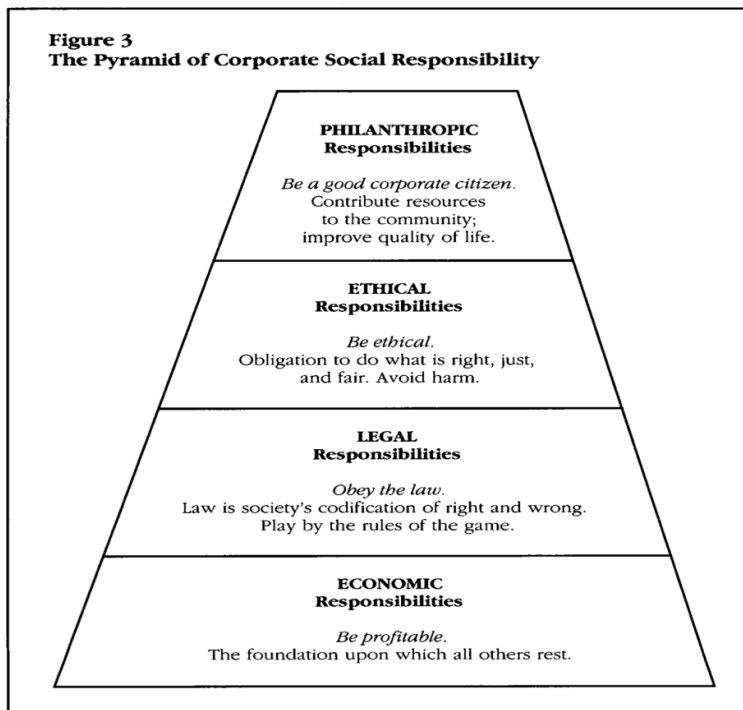
**Figure 2**

<b>Figure 2</b> <b>Ethical and Philanthropic Components of</b> <b>Corporate Social Responsibility</b>	
Ethical Components (Responsibilities)	Philanthropic Components (Responsibilities)
1. It is important to perform in a manner consistent with expectations of societal mores and ethical norms.  2. It is important to recognize and respect new or evolving ethical/moral norms adopted by society.  3. It is important to prevent ethical norms from being compromised in order to achieve corporate goals.  4. It is important that good corporate citizenship be defined as doing what is expected morally or ethically.  5. It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.	1. It is important to perform in a manner consistent with the philanthropic and charitable expectations of society.  2. It is important to assist the fine and performing arts.  3. It is important that managers and employees participate in voluntary and charitable activities within their local communities.  4. It is important to provide assistance to private and public educational institutions.  5. It is important to assist voluntarily those projects that enhance a community's "quality of life."

Source: Carroll, A. B. (1979)

CSR, according to Carroll (1991) is to perform economic function, abiding by law, avoiding or minimizing harm to stakeholders and yet behave to be good corporate citizens. Carroll (1991) first presented his CSR model as a pyramid shown in figure below.

**Figure 3: Carroll's CSR Pyramid**



Source: Carroll, 1991, p. 42

Philanthropy is sometimes confused with ethical consideration and sometimes managers think that by engaging in philanthropic activities, they have fulfilled their social responsibility. Philanthropy is necessary, but not the sufficient condition for a firm to be socially responsible. Carroll (1991, p. 42) goes a step further to relegate philanthropy to a mere 'icing on the cake'.

Carroll (1991) described responsibilities in terms of requirements, expectations and desires that various stakeholders have from businesses. He contended that the economic and legal responsibilities are 'required', the ethical responsibilities are 'expected', and the discretionary/philanthropic responsibilities are 'desired'. He

distinguished old responsibilities from new ones and termed economic and legal responsibilities as old and ethical and discretionary/philanthropic responsibilities as the new, broader, social contract between business and society. The former forms the basis of the old social contract and later provides foundation to new social contract.

A chronological summary of contributions by various authors about their explanation of CSR is given below in Table 2. If one analyses the development of the concept of social responsibility, the understanding of CSR has evolved over these decade and has reached to its present day understanding. The analysis based on Table 2 reveals that during the 1950s, CSR was seen as corporate obligation towards society. For example, Bowen's understanding is basically an alignment of business policies to societal values and objectives. Similarly, Heald (1957) also explained CSR as management's responsibility to society.

**Table 2: Chronological Summary of Contributions by Authors**

Decades	Authors	Contributions
1950s	Bowen (1953)	"Obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives and values of our society"
	Eelles (1956)	CSR as a continuum ranging from minimum responsibility to maximum responsibility
	Heald (1957)	CSR is recognition on the part of management of an obligation to the society it serves not only for maximum economic performance but for humane and constructive social policies as well.
	Selekman (1959)	Moral Philosophy for Management
1960s	Davis (1960)	"Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest"
	Fredrick (1960)	[Social responsibilities] mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public. And this means in turn that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare"
	McGuire (1963)	CSR as economic, legal and social obligation of the firm
	Walton (1967)	"In short, the new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals"
1970s	Johnson (1970)	Social responsibility is balancing multiplicity of interests including business motive, utility maximisation and lexicographic views.
	CED (1971);	CSR discharging of basic economic and social obligations
	Steiner (1971)	CSR is economic as well as social obligation
	Eilbert & Parket (1973)	CSR as avoidance of bad press and voluntary social obligation
	Eells & Walton (1974)	Alignment of economic motives with social obligation to keep 'license to operate' intact
	Preston & Post (1975)	Public responsibility

	Bowman & Haire (1975)	Measurement of content of company annual reports allocated to social responsibility.
	Backman (1975)	CSR as caring function of businesses towards society on top of economic objectives
	Bowman and Haire (1975)	CSR as social disclosure
	Holmes (1976)	Executive perceptions about business responsibilities
	Fitch (1976)	CSR as solution to problems created by company, fully or partly
	Abbott and Monsen (1979)	Content analysis of company reports aimed at measurement of firms' CSR
1980s	Jones, (1980)	Corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract
	Tuzzolino and Armandi (1981)	Organizations, like individuals, had criteria that needed to be fulfilled or met, just as people do, as portrayed in the Maslow hierarchy
	Carrolls, (1983)	CSR is composed of four parts: economic, legal, ethical and voluntary or philanthropic.
	Epstein (1987)	Corporate social responsibility relates primarily to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects on pertinent corporate stakeholders. The normative correctness of the products of corporate action has been the main focus of corporate social responsibility.
1990s	Frederick et al., 1992	A principle stating that corporations should be accountable for the effects of any of their actions on their community and environment
	Reder, 1994	Refers to both the way a company conducts its internal operations, including the way it treats its work force, and its impact on the world around it
	Hopkins, 1998	Concerned with treating the internal and external stakeholders of the firm ethically or in a socially responsible manner.
	Khoury et al., 1999	Overall relationship of the corporation with all of its stakeholders
	Kilcullen and Kooistra, 1999	CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state
	Woodward-Clyde, 1999	A 'contract' between society and business wherein a community grants a company a license to operate and in return the matter meets certain obligations and behaves in unacceptable manner
2000s	Piacentini et al., 2000	CSR is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities
	Foran, 2001	A set of practices and behaviours that firms adopt towards their labour force, towards the environment in which their operations are embedded, towards authority and towards civil society
	Jackson and Hawker, 2001	CSR is how you treat your employees and all your stakeholders and the environment
	Marsden, 2001	CSR is about the core behaviour of companies and the responsibility for their total impact on the societies in which they operate.
	McWilliams and Siegel, 2001	Actions that appear to further some social good, beyond the interests of the firm and that which is required by law
	Pinney, 2001	A set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts
	Lea, 2002	CSR is integration of social and environmental concerns in business operations, including dealings with stakeholders
	Andersen, 2003	Extending the immediate interest from oneself to include one's fellow citizens and the society one is living in and is a part of today, acting with respect for the future generation and nature
	Marrewijk (2003)	Integration of social and environmental concerns in their business operations and in their interactions with their stakeholders and demonstrate openly their triple P performances
	Dahlsrud (2008)	CSR as economic, social, environmental, stakeholder, and voluntary dimensions

Source: Author



During the decade of 1960s, CSR was conceptualized as a business society relationship. For example, Walton (1967) refers social responsibility as ‘intimacy of relationship between the corporation and society. Davis (1960, p. 70) makes ‘social responsibility commensurate with social power’ and if we assume them to be equal, then avoiding responsibility will lead to erode social power. Carroll (1999) nominates Keith Davis as runner up for the title of Father of CSR, due to his contributions towards defining CSR.

Fredrick (1960, p. 60) defined social responsibility as implying “a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.

McGuire (1963), in his book ‘*Business and Society*’, stated that “The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations” (p. 144). He further elaborates these obligations by saying that the corporation must take an interest in politics, in the welfare of the community, in education, in the “happiness” of its employees, and, in fact, in the whole social world about it. Therefore, business must act “justly,” as a proper citizen should. This definition is more close to Carroll’s Pyramid of CSR as it explicitly addresses 3 out of the 4 building blocks of ‘the Pyramid’.

Walton (1967) wrote a book titled *Corporate Social Responsibilities* and discussed the role of the business firm and the businessperson in modern society. He defined social responsibility as:

*“In short, the new concept of social responsibility recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals”. (Walton, 1967, p. 18)*

Johnson (1971) analysed and presented a critique of a variety of definitions or views of CSR. Johnson (1971) termed his assertions as ‘conventional wisdom’ and defined social responsibility as:

*“A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation” (Johnson, 1971, p. 50).*

In this definition, one finds a hint of the famous stakeholder approach when he mentions ‘multiplicity of interests and actually identifies few of the immediate and distant stakeholders of a firm.

Johnson (1971) in this one document gives several views about CSR that include business motive of CSR, ‘utility maximisation’ view and ‘lexicographic’ view. Johnson (1971) mentions business motive for CSR by saying that “Social responsibility states that businesses carry out social programs to add profits to their organization” (p. 54). He sees social responsibility as long-run profit maximization. In the utility maximisation view, he broadens the mandate of the management and advises them not to restrict them to profit maximisation, but to strive to achieve multiple goals. Johnson (1971) in this view, asserted:

*“The third approach of social responsibility assumes that the prime motivation of the business firm is utility maximization; the enterprise seeks multiple goals rather than only maximum profits” (p. 59).*

Based on these views, he came up with the following definition of socially responsible manager:

*“A socially responsible entrepreneur or manager is one who has a utility function of the second type, such that he is interested not only in his own well-being but also in that of the other members of the enterprise and that of his fellow citizens. (p. 68)*

Another view by Johnson (1971) is identified as ‘lexicographic view’ and through this view, he sees organisations to engage in socially responsible behaviour once the profit targets are achieved. Johnson said that, “lexicographic utility theory suggests that strongly profit-motivated firms may engage in socially responsible behavior. Once they attain their profit targets, they act as if social responsibility were an important goal— even though it isn’t” (p. 75).

Based on the premise that “business functions by public consent and its basic purpose

is to serve constructively the needs of society—to the satisfaction of society” (p. 11), the Committee for Economic Development (CED<sup>2</sup>, 1971) presented a three concentric circles definition of social responsibility:

The *inner circle* includes the clear-cut basic responsibilities for the efficient execution of the economic function—products, jobs and economic growth. The *intermediate circle* encompasses responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities: for example, with respect to environmental conservation; hiring and relations with employees; and more rigorous expectations of customers for information, fair treatment, and protection from injury. The *outer circle* outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment (For example, poverty and urban blight). (p. 15)

In the next few decades, several dimensions were used to explain CSR and these included voluntariness, economic profitability, legal obligation, ethical considerations, stakeholding, and lately environmental stewardship - people, planet, profit.

The discussion in this section presents an evidence of the divergent understanding of CSR by different scholars. There is a wide range of understanding of CSR that lends CSR a rainbow like structure where there are several shades along the spectrum. Various definitions presented here look at CSR as social power to influence, public posture, intimacy of the relationship between corporation and society, balancing multiplicity of interests by managers, utility maximisation, business motives, not only the wellbeing of business but that of the employees and citizens and licence to operate. The common understanding from all these aspects is that business should do something over and above their economic and legal responsibilities to be seen as responsible entities. Broadly speaking, CSR is expected business responsibility towards society (Bowen 1953, Carroll 1979, Crouch 2006, Arrow 1974); an attempt by business to compensate for negative externalities of business (Carroll 1979); and

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<sup>2</sup> CED is a non-profit, non-partisan business led public policy organization, found in 1942.

management of the corporation-society interface through stakeholder relationship (Barnett 2007, Gond and Matten 2007, Freeman 1984).

### **1.5. National Institutional Effects**

Little attention has been dedicated to the question regarding how and why CSR differs among national settings. Matten and Moon (2004) did a comparative institutional analysis between Europe and United States and proposed a conceptual framework of explicit and implicit CSR. They suggest that differences in CSR among different countries are due to a variety of longstanding, historically entrenched institutions. Matten and Moon (2004) attribute US company CSR engagement as 'explicit' based on altruism. In US, companies voluntarily address specific social, economic and environmental issues. Whereas, there are similarities between Britain and rest of Europe in legal and institutional terms and is taken as implicit CSR. This difference of explicit nature of CSR in US and implicit in UK and Europe is explained by differences in respective national business systems. Since different societies have peculiar systems of markets, customary ethics and social relations, corporate behaviours reflect these differences.

Maignan and Ralston's (2002) have argued that the tendency toward socially responsible corporate behavior varies across countries. They studied firms in France, the Netherlands, the United Kingdom, and the United States and found systematic differences in responses across the four countries. This finding suggests that nationally specific political, cultural, and other institutions may have been responsible.

Marens (2012), using the logic of historical institutionalism, explains the explicit CSR by US companies as opposed to implicit CSR by European companies in the US corporate success against the organised labour. He is of the opinion that the European managers were constrained not only by traditional corporatist pressures but also by labour movement that was comparatively more successful in organising the new workplaces and using their political clout. In contrast to that, US firms had no such compulsion.

Following Whitley's (1999) categorisation, Matten and Moon (2004) argue that

national systems differ due to differences in political, financial, educational & labour and cultural systems. State is more powerful in Europe than in US. European state uses that power to actively engage in social and economic activity, whereas, there is a predominant classical concept of lesser government. In US, stock market being the most important player in provisioning of capital, commands greater transparency and accountability from business. In contrast, in Europe, there is small number of large investors, tied often by interlocking of directorates, gives way to long-term association. Europe is characterised by public led training and active market policies. America and Europe have cultural differences as well. There is a much stronger American ethic of stewardship and of “giving back” to society. As compared to that, in Europe there is overwhelming reliance on representative institutions such as political parties, trade unions, employers’ associations, churches and the state.

In the US, there is more obvious contribution by business in society. Starbucks is case in point when it announced paying healthcare benefits of all those employees who were employed for more than 21 days. Vogel (2005) explains that there is lower public risk perception in US as compared to Europe. The example is of allowing 58 GMOs in US as against only 18 in Europe. Some major US food chains such as McDonald’s, Gerber, McCain Foods voluntarily announced not to use ingredients made from genetically altered seeds, whereas, in Europe, food companies leave it to the government to be responsible to take some legislative action. One cannot expect such initiatives from businesses in Britain or the rest of Europe because all such things are provided publicly.

Despite the fact that global convergence in business practices is increasing, there is evidence of vast range of variation among countries. This divergence could be explained by differences in managerial behaviour across countries that in turn are influenced by the national cultural norms of work (Hofstede, 1980; Schwartz, 1994; Triand, 1995), organisational culture (O’Reilly and Chatman, 1996; Schein, 1992) or profession (Sirmon and Lane, 2004). There is still more evidence (Vitell and Paolillo, 2004; Waldman et al. 2006; Branzei et al. 2004) which imply that individual and organizational context are important in explaining socially responsible behaviour of business.

There are yet other studies (such as Orpan, 1987) that do not see country-level variables as main drivers of managerial CSR attitudes and strategies. These mixed findings could partly be explained by lack of universal definition of CSR. Fukukawa and Moon (2004) argue that difference in understanding about CSR is due to different understanding of terminology. Even the term 'business' has different meanings for different societies. Maignon and Ralston (2002) compared UK/US and some European firms and found similarity in UK and US firms that claim to be more caring about issues, whereas Dutch and French firms treated CSR as compulsion in response to pressure from below.

Maignon and Ralston (2002) also did not find variance across countries in the principal motivations for CSR. According to them, motivations for CSR in UK were performance driven, in US, core company value driven, and in the Netherlands and France, a combination of performance driven, value driven and stakeholder driven.

CSR practices are entrenched in a country's political and cultural structure. There exist wide differences among political institutions governing business. Cultural differences are also often quoted as possible explanations for diverging CSR practices. Both cultural and political divergence among countries gives way to varying CSR practices in different countries (Detomasi, 2008). Due to political and cultural divergence, comparative cross-country studies have become the preferred way to analyse the influence of political and / or cultural variables on the choice and implementation of CSR policies. Such studies (Doh, Guay, 2006; Hartman, Rubin, Dhanda, 2007; van der Laan Smith et al., 2005; Luna Sotorrio, Fernandez Sanchez, 2008; Maignan and Ralston, 2002; Shafer, Fukukawa, Meina Lee, 2007; Chappel and Moon 2005; Maignan and Ferrel 2003; Williams and Aguilera 2008) aim at producing empirical evidence of diverging CSR practices across countries and sometimes, at finding explanations for these differences invoking cultural and political institutions.

#### **1.6. CSR as Business Obligation for Social Betterment**

The essence of the concept of corporate social responsibility is the obligation of the firm to work for social betterment (Fredrick, 1960). Over the years, this obligation is

said to have arisen from a wide variety of sources. Table 3 below contains the sources noted by various scholars and practitioners.

**Table 3: Sources of CSR Obligations**

Sources of Corporate Social Responsibility obligations	Author(s); Organisations
The (economic, social, and political) power of the corporation.	Berle, 1954; Davis & Blomstrom, 1975
Potential fear of government encroachment on private decision-making.	Abrams, 1951; Research and Policy Committee, CED, 1971
Acquisition of technical skills and resources needed for the solution of social problems.	Davis, 1975
The exercise of an enlightened self-interest by corporate executives.	Research and Policy Committee, CED, 1971
Good corporate image; withering of traditional checks and balances in the marketplace, & emergence of powerful managerial class in corporations.	Berle, 1959; Berle & Means, 1932
The need for some powerful influential institutions to reconcile the competing claims of pluralistic interest groups.	Eells, 1960
Gap between the profit goals of private companies and an array of changing social value	Chamberlain, 1977; Madden, 1972
Fulfill compliance need of social legislation	Sethi, 1975
The pressure of prevailing humanistic, religious, and democratic values and attitudes	Reich, 1970; Slater, 1970
To preempt violence and social disruption	Buehler & Shetty, 1975
Retention of broad public acceptance.	Buehler & Shetty, 1975
Social contract implications of the corporate charter	Research and Policy Committee, CED, 1971; Steiner, 1975a

Source: Developed from Fredrick (1994)

Steiner (1971) though regards the basic responsibility of business as economic, yet regards social responsibilities as to be discharged simultaneously. Steiner (1971) elaborated the meaning and circumstances under which CSR might be interpreted and applied. He presented models for determining the social responsibilities of business (p. 157). He also presented criteria for determining the social responsibilities of business (pp. 159-163).

For purposes of their research, Eilbert & Parket (1973) defined CSR as:

*“Perhaps the best way to understand social responsibility is to think of it as ‘good neighborliness.’ The concept involves two phases. On one hand, it means not doing things that spoil the neighborhood. On the other, it may be*

*expressed as the voluntary assumption of the obligation to help solve neighborhood problems.*

*Those who find neighborliness an awkward or coy concept may substitute the idea that social responsibility means the commitment of a business or business, in general, to an active role in the solution of broad social problems, such as racial discrimination, pollution, transportation, or urban decay. (Eilbert & Parket, 1973, p. 7)*

Eells & Walton (1974) took a broader perspective on what CSR means and how it evolved. They observed:

*“In its broadest sense, corporate social responsibility represents a concern with the needs and goals of society which goes beyond the merely economic. Insofar as the business system as it exists today can only survive in an effectively functioning free society, the corporate social responsibility movement represents a broad concern with business’s role in supporting and improving that social order. (Eells & Walton, 1974, p. 247)*

Backman (1975) placed social responsibility in context by arguing that, like social accounting, social indicators, and the social audit, these terms all cover different facets of social performance. He defined social responsibility as referring to “the objectives or motives that should be given weight by business in addition to those dealing with economic performance (e.g., profits)” (p. 2). Backman (1975) then identified care function of organizations as CSR. This care ranges from opportunities for minority groups in employment to reducing pollution; from engagement in programmes to improve the community to better health care; from better industrial health to added safety. All these programmes, according to Backman (1975) are aimed at improved quality of life and are done under the guise of CSR.

There are some scholars (Votaw, 1973; Votaw and Sethi, (1973); Preston and Post, (1975) who share doubt about the term CSR and see it as a vague and highly generalized sense of social concern.

Bowman and Haire (1975) chose topical approach to understand CSR by looking at the annual reports of the companies and measured the proportion of prose devoted to social responsibility in the annual reports of the companies they studied. The topics they noted with regards CSR included corporate responsibility, social responsibility, social action, public service, corporate citizenship, public responsibility, and social



responsiveness.

Holmes (1976) presented few statements to the business executives and solicited their opinion as to whether they agreed to these or not. The statements she presented included responsibilities for making profit, abiding by regulations, helping to solve social problems, and the short-run and long-run impacts on profits of such activities

Marrewijk (2003) shares the concern with Votaw and Sethi (1973) of multiplicity of meanings attached to CSR. Some see CSR as an answer to myriads of problems of global poverty gap, social exclusion and environmental degradation. Others attach prime importance to the voluntaristic contribution by companies. Yet others emphasize the public-private partnerships aspect of CSR to produce results for communities such as rejuvenating neighbourhoods. Also various management disciplines have recognised that CSR fit their purposes, such as quality management, marketing, communication, finance, HRM, and reporting. Each of them present views on CSR that align with their specific situation and challenges. The current concepts and definitions are biased towards specific interests.

Marrewijk (2003) see CSR as subordinate to Corporate Sustainability, which according to him should be the ultimate goal by business. Marrewijk (2003) identifies three responsibilities – the famous triple bottom line – economic, social and environmental responsibilities of business. Interestingly, there is no mention of legal and ethical responsibilities.

Marrewijk (2003) divides CSR definition into five different interpretations and names them as Compliance-driven, Profit-driven, Caring CS, Synergistic, and Holistic and attributes blue, orange, green, yellow, turquoise colours to them respectively. He gives organisations the right to choose a position from any or all of these five positions. However, he cautions that all these positions are not equally adequate responses to perceived challenges offered in the environment.

Dahlsrud (2008) has identified five dimensions of CSR by an analysis of 37 different definitions of CSR put forward by 27 scholars. The dimensions identified by Dahlsrud (2006) are economic, social, environmental, stakeholder, and voluntary.

Although, these various dimensions of CSR are mere categories of impacts from organisations, yet their mention in definitions at least vouches for other important impacts the businesses have besides economic impacts.

Dahlsrud (2008) sees CSR as not a new concept yet he finds that the exigencies of a globalised world have changed the context in which businesses operate nowadays. This transformation has introduced new stakeholders and exposed businesses to new sets of legislation putting additional expectations on them, hence the need to look for new CSR management tools, in addition to the previously established patterns, to develop and implement a successful business strategy.

Since European Union is the most important and influential supranational institution in Europe, it is pertinent to look at how the Commission of European Community (CEC) defines CSR. In July 2001, in a Green Paper “Promoting a European Framework for Corporate Social Responsibility”, the Commission defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

Through this definition, the CEC recognizes the value creation through producing goods and services that society demands, thereby generating profit for its owners and shareholders as well as welfare for society, particularly through an ongoing process of job creation. Put it the other way, this definition acknowledges the business case for CSR. It also emphasises the need and importance of stakeholder involvement. This definition also contains seeds of corporate self-governance when it mentions voluntary basis of CSR instead of some legally binding framework. The conceptualization of CSR in this way by the CEC is close to, if not exactly, to Carroll’s (1979) definition of CSR.

In a latest communication (Oct. 25, 2011), the Commission has put forward a new definition of CSR: “the responsibility of enterprises for their impacts on society.” The Communication goes on to state that: *“To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and*

*core strategy in close collaboration with their stakeholders.*” The Communication further provides flexibility to the enterprises to tailor their own approach to CSR that suit their specific circumstances. This balance between minimizing risks through accountability and maximizing opportunities through transparency and social innovation is in consonance with Enterprise 2020 initiative.

Prerequisite to meet responsibility, according to this communication, is respect for applicable legislation, and for collective agreements between social partners. A process has to be in place at the enterprise level to integrate social, environmental, ethical, human rights, and consumer concerns into business operations and core strategy to meet their corporate social responsibility in close collaboration with their stakeholders with the aim of:

- Maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- Identifying, preventing and mitigating their possible adverse impacts

### **1.7. Theoretical Debates about CSR**

This section discusses various theories explaining corporate social responsibility, as there is a rich body of literature on theoretical foundations of CSR. Firstly, this section briefly describes the literature as mapped by various research studies and then a detailed account of frequently used theories of CSR is given. Corporate social responsibility has become an indispensable concept in the modern business discourse, and at the same time there has been a debate among academics, practitioners and activists about the theoretical basis of CSR. Several authors have tried to map theoretical debate about CSR that include Lantos (2001), Garriga and Mele´ (2004), Windsor (2006), Secchi (2007), Lee (2008), Okoye (2009), and Frynas and Yamahaki (forthcoming), to name a few.

Lantos (2001) has attempted to map CSR theories and distinguished between ethical, altruistic and strategic nature of CSR. Windsor (2006) has identified ethical responsibility, economic responsibility and corporate citizenship and Garriga and Mele´ (2004) have identified four groups of CSR approaches: instrumental, political, integrative and ethical.

Garriga and Mele' (2004) classify the main CSR theories and related approaches in four groups:

- Instrumental theories by way of which corporation is seen as only an instrument for wealth creation through its social activities. CSR is taken as only a means to achieve ends of profits;
- Political theories, under which power of corporations in society and its responsible use in the political arena is discussed;
- Integrative theories, through which corporation tries to satisfy social demands; According to this set of theories, business seeks societal approval for its existence and survival; and
- Ethical theories, based on principles of morality of corporations.

Garriga and Mele' (2004) conclude that each CSR theory presents four dimensions related to profits, political performance, social demands and ethical values. They are of the view that most of current CSR theories are focused on four main aspects: (1) meeting objectives that produce long-term profits, (2) using business power in a responsible way, (3) integrating social demands and (4) contributing to a good society by doing what is ethically correct.

According to a recent literature survey of 298 academic papers using a theoretical perspective on CSR from 1990 to 2012 by Frynas and Yamahaki (forthcoming) 35 per cent and 26 per cent of the published papers applied stakeholder theory and institutional theory respectively; other theories have been utilised significantly less frequently. Simultaneously, economic perspectives on CSR are also prevalent, including theory of the firm (McWilliams and Siegel, 2001; McWilliam, Siegel and Wright, 2006), Resource Based View of the firm (Hillman and Keim 2001; Joanes and Bartlet, 2009; Wernerfelt 1984; Barney 1991, 1997; Peteraf, 1993; Hart, 1995; Russo and Fouts, 1997; Marcus and Anderson, 2006; Menguc and Ozanne, 2005; Menguc, Auh and Ozanne, 2010; Falkenburg and Brunsael, 2011; Peter, Siller and Metzler, 2011; Padgett and Galan, 2010; Escobar and Vredenburg, 2011; Karaaijenbrink, Spender and Groen, 2010) and Agency Theory (Friedman, 1962; Galaskiewicz, 1985; Atkinson and Galaskiewicz, 1988; Wright and Ferris, 1997;

Helland and Smith, 2003; Brown, Helland and Smith, 2006; Barnea and Rubin, 2010; Faleye and Trahan, 2011; McGuire, Dow and Argheyd, 2003; Oh, Chang and Martynov, 2011; Li and Zhang, 2010; Bear, Rahman and Post, 2010; Beronne and Gomez-Meija, 2009; Deckop, Merriman and Gupta, 2006). There are other theoretical perspectives that have been applied to CSR and these include legitimacy theory, resource dependence theory, transaction cost economics, social network theory, game theory and Austrian economics. Klonoski (1991) for example has described 'social contract approach' and 'virtue based approach' to CSR. These other theories have less frequently been applied to CSR. We shall discuss stakeholder, institutional and economic perspectives in turn in the next few sections.

### **1.7.1. Stakeholder Approach to CSR**

Freeman (1984) did pioneering work on stakeholder theory and developed basic aspects of the theory. According to him, "any group or individual who can affect or is affected by the achievement of the organization's objectives is stakeholder".

Several stakeholders have been visualized by various stakeholder theorists. Freeman (1984), based on the above definition, has listed diverse stakeholders that include supplier firms, customers, employees, various members of the financial community, different levels of government, consumer activist groups, trade associations, political groups, unions, and competitors. Brenner and Cochran (1991) include stockholders, wholesalers, sales force, competitors, customers, suppliers, managers, employees, and government. Hill and Jones (1992) have listed managers, stockholders, employees, customers, suppliers, and creditors. Clarkson (1995) views company, employees, shareholders, customers, and suppliers as stakeholders and classifies them as primary stakeholders whereas he includes media and various special interest groups as secondary stakeholders. Donaldson and Preston's (1995) list include investors, political groups, customers, employees, trade associations, suppliers, and governments. Common denominators according to all these theorists are stockholders, employees, suppliers, customers, governments, competitors, and activists groups that could be regarded as stakeholders.

According to the stakeholder approach to CSR, companies are expected to go beyond the legal aspect of CSR. The expectations come from different actors present in the

environment of an organisation and these actors are termed as stakeholders. The stakeholders possess varying degree of influence depending upon the type of relationship they have with the organisation and the proximity of the relationship. Some of the stakeholders are vital for the continued survival of the organisation whereas the others can have significant effect on the operations of an organisation. Hill and Jones (1992) have identified contractual relationship of a stakeholder that gives legitimacy to his/her claim and Langtry (1994) sees the stakeholder importance based on moral or legal claims. Mitchell, Agle and Wood (1997) put forward power, legitimacy and urgency as relationship attributes which form the basis of the magnitude of stakeholder salience. They predict that if a stakeholder has only one attribute, its salience is low; it is moderate if it has two attributes, and if it possesses all the three attributes, in that case, its salience is high.

Donaldson and Preston (1995) have identified four perspectives of the stakeholder theory: descriptive, instrumental, normative and managerial. The instrumental perspective of stakeholder theory implies stakeholder management by an organisation to achieve expected outcomes, mainly profitability. The normative perspective of stakeholder theory recognises ethical legitimacy of the stakeholders' claims on the organisational purpose (Jones et al., 1992). Scholl (2001) distinguishes between social science strand and business ethics strand. Social science strand examines the instrumental rationale of stakeholder theory, and the Business Ethics strand argues that each stakeholder holds intrinsic value by him/herself and calls for ethical guiding standards for managers.

Frynas and Yamahaki (forthcoming) term the descriptive perspective of stakeholder theory as an 'empirical variant' and cite Harrison and Freeman (1999) recommending empirical testing of the stakeholder model on the path of theory building using case study approach. Several authors have provided this empirical evidence afterwards through case studies (See Brammer and Millington, 2004; Bremmers et al., 2007; Olander, 2007; Lamberti and Lettieri, 2009). Others (Chritsmann, 2004; Darnall Henriques and Sadorsky, 2010; Robert, 1992, Neu, Warsame and Pedwell, 1998; Eljido-Ten, Kloot and Clarkson, 2010; Huang and Kung, 2010; Gonzalez-Benito and Gonzalez-Benito, 2005, Brammer and Millington, 2003, 2004; Moir and Taffler, 2004, Park-Poaps and Rees, 2010; Perderson 2006 quoted in Frynas and Yamahaki)

have followed the recommendation of Harrison and Freeman (1999) and have tried to test the stakeholder impacts on various aspects of company operations.

Like other theories, stakeholder theory does not go without criticism. Jensen (2001) argues that since stakeholder theory holds managers responsible to too many stakeholders that include employees, customers, communities and governmental officials, it confuses managers how to prioritize the stakeholders. Henderson (2001) terms stakeholder CSR as misguided virtue. He holds the view that adoption of CSR raises costs of the firm. Firms, by engaging in stakeholder CSR, incur expenditure on new systems of accounting, monitoring and auditing and have to consult stakeholders, which adds to costs. He sees it as social cost when firms expect the same type of engagement in its supply chain and impose upon these efforts on the competitors for the fear of becoming non-competitive.

Another point on which stakeholder theory is criticized is the equality of all the stakeholders. Critics like Gioia (1999), Marcoux (2000) and Sternberg (2000) have asserted that stakeholder theory implies to treat all the stakeholders equally. Freeman et al., (2007) have clarified it by differentiating among the multitude of stakeholders and dividing them into normative and derivative stakeholders. They define normative stakeholders as those to whom the organization has a direct moral obligation to attend to their well-being and these include financiers, employees, customers, suppliers and local communities. As opposed to normative stakeholders, the derivative stakeholders are those groups or individuals who can benefit or harm the organization but to whom the organization is not morally obliged and these include competitors, activists and media among others.

In the essence, under the stakeholder mode, companies need to be aware of and respond to the various demands of its stakeholders. It is in contrast with the shareholder primacy, based on the agency theory. In practice, the economic decisions of the companies have social implications and one cannot delineate social and economic impacts of the companies as Gray et al (1987:ix) are of the view that “Companies do have wider responsibilities than simply to make money for their shareholders”.

### 1.7.2. Institutional Approach to CSR

Institutional approach to CSR is an extension of the stakeholder approach. Institutions can be seen as the rules of the game in society. North (1991) defines institutions as humanly devised constraints that structure political, economic and social interaction. A country's constitution, market economy and World Trade Organisation (WTO) are a few examples of what institutions are. Institutions provide certainty and structure to everyday life. Economically, institutions define the set of choices individuals have and these choices differ from one group to another. In this sense, institutional constraints are the frameworks within which human interactions take place. These rules define what individuals are prohibited from doing and the conditions under which they are permitted to undertake certain activities.

Institutions are understood as '*stable, valued, recurring patterns of behaviour*' in words of Huntington (1969) and further explained by March and Olsen (1989) as '*collection of rules and routines that define actions in terms of relations between roles and situations*'. Hodgson (2006) has proposed some key definitions with regards institutions. According to him:

- Institutions are systems of established and embedded social rules that structure social interactions.
- Rules in this context are understood as socially transmitted and customary/normative injunctions or immanently normative dispositions that in circumstances X do Y.
- Conventions are particular instances of institutional rules.
- Organizations are special institutions that involve (a) criteria to establish their boundaries and to distinguish their members from nonmembers, (b) principles of sovereignty concerning who is in charge, and (c) chains of command delineating responsibilities within the organization. (Hodgson, 2006, p. 18)

Giddens' (1984) structuration theory focuses on the mutual constitution of structure and agency. He emphasised dialectical processes between structure and agency and argued that structure and agency are a duality that cannot be conceived of apart from one another. His conception of structure is rules and resources used by actors in



interaction. Power, according to Giddens (1986) is not conflictual, asymmetrical, or evil. In his word, “Power is not necessarily linked with conflict in the sense of either division of interest or active struggle, and power is not inherently oppressive” [Giddens, 1986, p. 257].

The present study utilises this conception of power by Giddens (1984) the way Whittington (1992) gives precedence to organisation over individual to transform social systems. Since structure is always both constraining and enabling, collective bargaining institutions enable trade unions to influence employer behaviour, but constrain them into respecting existing property relations under capitalism.

Repeating the earlier work of Giddens on Structuration Theory, Hodgson (2006), also views institutions to both constrain and enable behavior. The existence of rules implies constraints. However, regulation can be an ally of freedom, instead of an antithesis of it. There is research evidence that under competitive conditions, separation of corporate ownership and control from direct producers, consumers and others create incentives and opportunities for firms to free ride on collective or public goods, in the pursuit of short term profits or share prices unless institutions are in place to mitigate such behaviour (e.g., Albert, 1993; Crouch & Streeck, 1997; Dore, 2000; Roe, 2003).

Galaskiewicz (1991) has demonstrated that in the presence of normative or cultural institutions, corporations tend to act in socially responsible ways as these institutions create proper set of incentives for such behaviour. Drawing upon the insights of comparative political economists, institutionalists, such as North, 1990; Ostrom, 1990; Streeck, 1997), Campbell (2007) assumes that in the absence of institutional constraints in the environment that mitigate such behavior, firms will have interests and incentives that may cause them to behave in socially irresponsible ways. In the absence of these institutions, there is likelihood for firms to behave irresponsibly than they would if such institutions were present.

DiMaggio and Powell (1983) identified coercive, mimetic and normative mechanisms by which the process of institutional isomorphism is realized. Scott (2001) identified three pillars through which institutions constrain and encourage behavior: regulative,

normative, and cognitive. The common strand between DiMaggio & Powell and Scott is the normative frame that helps develop an understanding of pressures for firms to be perceived as socially responsible. It is in this normative sense that the concept of institutions is used in this study.

An analysis of literature on explaining rationale for corporate social responsibility (CSR) reveals that there has been a neglect of institutional theory as a possible explanation of CSR. There is an overwhelming amount of literature that explains socially responsible behaviour of companies based on narrow business case. A number of research studies have focused on the links between corporate social responsibility and financial performance (Anderson and Frankle, 1980; Ingram and Frazier, 1983; McGuire et al., 1988; Starik and Carroll, 1990). Moreover, the voluntary nature of CSR has gained prominence in explaining motivations for CSR. Policy documents by leading business associations and even the public policy document on social responsibility support the voluntary nature of CSR (Kinderman, 2012; European Commission Green Paper (2001, p. 6).

The trend of over emphasis on profit motive and voluntary management action has been changing lately with the usage of institutional approach to CSR. There is a vast body of literature suggesting the use of institutional perspective to explain engagement of business in CSR (Aguilera et al., 2007; Blasco and Zolner, 2010; Brammer et al. 2012; Bühner et al., 1998; Campbell, 2006, 2007; Deakin and Whittaker, 2007; Doh and Guay, 2006; Gjolberg, 2009; Hoffmann 1999; Jackson and Apostolakou, 2010; Matten and Moon, 2008; Orlitzky, Schmidt, & Rynes, 2003; Walsh, Weber, & Margolis, 2003). Miller & Guthrie (2007), for example, drawing on research in institutional theory found that CSR represents actively adopted strategies in response to pressures corporations face in their local institutional environments, especially from the organised labour.

Not only CSR, but also research on general management issues has demonstrated a steep rise in the use of institutional theory to understand the way companies manage their operations globally (Westney and Zaheer, 2001; Geppert et al., 2006; Jackson and Deeg, 2008). Academics have sought to explain CSR using other disciplines such as politics (Moon, 2002; Crouch, 2009), economics (van Oosterhout and Heugens,

2008), law (Mullerat, 2005) and sociology (Brooks, 2010).

Institutional perspective draws upon rich tradition in sociology, economics and political science. Several scholars have provided an overview of new institutionalism (for example Eggertsson 1990; Williamson 1994; Furubotn and Richter 1998 in economics, DiMaggio and Powell 1991; Ingram and Clay 2000 in organizational analysis, and Ordeshook 1990; Weingast 2003 in political science).

The focus of the economics tradition is on maximisation of rational, self-interested behaviour subject to certain limitations such as incomplete information, except where the cost of negotiating, securing and completing transactions in a market economy - transaction cost of creating institutions is offset by benefits to the individual.

In sociology, the institutional theorists recognise the pressures faced by companies from various quarters that compel companies to adopt socially responsible behaviour and vie for licence to operate in the society. In CSR literature, these pressures are termed as stakeholder pressures. These pressures could be divided into two categories i.e., external and internal and could be taken as institutional environment in which the multinational companies operate (e.g. Meyer and Rowan 1977, Scott 2004, Tempel and Walgenbach 2007) or as rule systems on which social interactions are based (Hollingsworth and Muller 2002). At the internal level, these pressures could be classified as relational environments (e.g. Meyer and Rowan 1977, Scott 2004, Tempel and Walgenbach 2007)

Jones (1995) has applied institutional and classical economic theory to corporate social responsibility. Jones (1995) integrated stakeholder concept, economic concepts (agency theory, transaction cost economics and team production theory), and ethics. He concluded that companies involved in repeated transactions with stakeholders on the basis of trust and cooperation were motivated to be honest, trustworthy and ethical because this sort of behaviour has higher paybacks. Other researchers have also used institutional approaches to analyse environmental social responsibility (Doh and Guay, 2006; Husted and Allen 2006; Campbell 2006, 2007; Matten and Moon 2008). Jennings and Zandbergen (1995), for example, have discussed the role of institutions in shaping the consensus within a firm regarding the establishment of an ecologically

sustainable organisation.

Brammer et al. (2012) emphasise the importance of institutional theory as a tool to answer questions about the social responsibility of business. In their words, *“Many of the discussions currently popularized by movies such as Inside Job or Too Big To Fail are questioning the institutional set up in which responsible or irresponsible business behaviour is enacted. Institutional theory offers a promising way of investigating exactly those questions, which currently lie at the heart of the public’s concern and, thus, offers a framework for scholarly work with the potential of bearing relevance beyond the confines of the ivory tower”*. (Brammer et al. 2012, p. 22)

### **1.7.3. Economic Approach to CSR**

Since Friedman’s criticism of CSR, there is an ongoing debate about the economic justification of CSR. Rheinhardt et al. (2008) analyse various economic explanations of CSR and answer some questions as to why a firm should sacrifice its profits to achieve socially responsible ends. Having acknowledged the prevailing view of fiduciary duty and shareholder primacy, they argue that there are legal provisions for firms to sacrifice profits for social welfare. As long as managers justify spending on socially responsible causes by connecting it to future profitability, they can commit private corporate resources to projects that benefit the public. Moreover, such diversion of resources is not sustainable.

Rheinhardt et al. (2008) find lack of evidence of firms actually sacrificing profits in the social interest. Practical evidence suggests that firms’ socially responsible actions are driven by business motives. Instead of altruistically sacrificing profits, they engage in a more limited -- but more profitable -- set of socially beneficial activities that contribute to their financial goals. They characterise relationship between socially responsible activities and profitability as “some firms generate long-term profits from some socially responsible activities some of the time”.

Basley and Ghatak (2007) explore the feasibility and desirability of corporate social responsibility and argue that CSR is a response to consumers’ preferences over public goods/bads and firms should not try to internalise the externalities. They also make use of the logic of Bergstrom et al. (1986) that public provision crowds out private

provision of public goods and vice versa, provided the private firms are as efficient as governments. There are other studies that also try to explain CSR using economic perspective. These include Sherer and Palazzo 2008; Kitzmueller 2008; Bargnoli and Watt 2003. Kitzmueller (2008) for example divides CSR by business as profit maximising and not-for-profit CSR. While the former justified on the grounds of benefits accruing to business, the later is explained by social preferences of shareholders and is feasible as long as it coincides with these preferences. If it goes beyond shareholder social preferences or strategic limits, it becomes moral hazard.

Lantos (2001) reviewed literature on CSR and concluded that, “unless CSR is expected to yield dividends to the firm, it is not a legitimate endeavour for publicly held corporation”. Balabanis et al., (1998, p. 26) and Lantos (2002) extended Friedman’s thought that the corporations are not like human beings with divergent interests and pursue only a single interest and that is profit maximization for shareholders, which is the purpose of their institution. Lantos (2002) sees altruistic CSR as breach of contract between the management and shareholders. Friedman (1970) termed CSR by corporations as ‘disguised socialism’ and a manager engaging in CSR as taxing the shareholders and deciding where to spend tax proceeds so collected. He sees this function of the manager as mere window dressing or a public relations stunt. Margolis and Walsh (2003) have found little evidence for Friedman’s case against CSR i.e., a negative relationship between corporate social performance and corporate financial performance. Jensen (2001) calls such managers as legislator, executive and jurist simultaneously.

There are other approaches using economic theory to explain corporate social responsibility. These include transaction cost economics, game theory, theory of firm and theory of social costs. For example, transaction cost economics implies that the firms satisfying stakeholder demands or accurately signalling their willingness to cooperate can often avoid higher costs that result from more formalised contractual compliance mechanisms (e.g., government regulation, union contracts) (Ruf, et al., 2001: 143-144). Williamson (1996) developed Coase’s (1937) theory elaborating main reasons for transaction costs i.e., uncertainty, limited rationality and information asymmetry. Transactions are differentiated from one another by the asset specificity, behavioural uncertainty and frequency. Governance structures in firms could be

explained by high specificity of assets combined with frequent reiteration of transactions under high uncertainty.

The reason for firms to use CSR is to reduce transaction costs to achieve good reputation, reduce uncertainty and improve the quality in information about partners in transactions. As a result, the costs of identifying right partners, negotiating and dispute resolution are reduced. The improved image through CSR initiatives in turn becomes a specific asset of the firm. Agency cost also decrease because transaction costs are part of agency costs. The costs of monitoring employees by management fall if CSR initiatives are hidden in incentive mechanisms for the employees. Frynas and Yamahaki (2013, forthcoming) have noted that few studies have explicitly used game theory to CSR such as Lee and McKenzie 1994; Frances-Gomez and del Rio 2008; Ni, Li, and Tang 2010; Prasad 2005.

This section was set out to review the major theoretical perspectives explaining the phenomenon of CSR. A review of stakeholder, institutional and economic perspectives have been presented. Though stakeholder perspective is the most frequently used one, yet scholars have used institutional and economic perspectives as well to understand the nature of CSR. The institutional perspective is closest to the present study as the purpose of the study is to find explanations for trade unions to engage in CSR. As mentioned in the sub-section on institutional perspective, companies face pressures from external and internal institutions. Since the organised labour represents an internal institution, the institutional perspective is best suited to understand trade union motivations for CSR.

## **1.8. Propositions**

In the following few sections, an attempt has been made to elaborate upon the propositions developed at the start of the chapter.

### **1.8.1. Proposition 1**

***“CSR is a product of voluntary regulation by corporations”.***

As discussed earlier, under the influence of neoliberal philosophy, states are gradually withdrawing from regulation of businesses, leaving behind a vacuum of regulation.

There is evidence for such a regulatory gap. For example, Jackson and Apostolakou (2010) compare firm level CSR indicators in Europe and find that CSR ‘may be associated with the attempts of firms to compensate for institutional void or substitute for formal institutions’ (p. 387). Corporations have exhibited their desire to fill this regulatory vacuum and that is manifest in the form of proliferation of voluntary, private codes of conduct, participation in United Nations Global Compact, mushrooming of reporting initiatives, culminating into Global Reporting Initiative and private verification of public disclosure.

#### **1.8.1.1 The Third Way**

Neoliberalism means freeing up markets, making the markets imperative more important. It is about removing barriers to free markets. One of those barriers is organized labour, which clearly raises the price of labour. Another consequence of neoliberalism is connected with globalisation and break down of the ability of the individual nation state to control and regulate, there is a problem for regulating corporations. Globalisation, free market, and neoliberalism have reduced the ability of the nation state to regulate and it is difficult to regulate MNC operating in different countries. Therefore there is a need to construct the forms of voluntary regulation and that’s where CSR comes handy. It would be corporations themselves seeking to regulate themselves in ethical areas.

Giddens (1998:26) defines it as, “I shall take it Third Way refers to a framework of thinking and policy-making that seeks to adapt social democracy to a world which has changed fundamentally over the past two decades. It is a third way in the sense that it is an attempt to transcend both old style of social democracy and neoliberalism”.

Third Way could be seen as a benign face or a bit more human face of neoliberalism. Participatory democracy and corporate social responsibility are siblings of Third Way and as Upchurch (2009: 237) puts, these two to be enabling mechanisms to restrain the market. And these initiatives differentiate the Third Way from pure market imperative of neoliberalism. There is a possibility that ethical voluntarism could be used as a proxy to social democratic values. As Callinicos, (2001:46) notes, “What remains is a form of ‘ethical socialism’ that gives priority to community over

class..... in which the S-word is retained but in its hyphenated form of social-ism”.

Brown et al. (1997) noted that the British legal system governing industrial relations underwent transformation between 1980 and 1993. Several initiatives diminished the reach of collective bargaining. These initiatives ranged from;

Abolition of the union recognition procedure

- The machinery for the extension of recognized terms and conditions to organized labour
- The Fair Wages Resolution and Wages Council to the curtailment of shop steward rights and the removal of the obligation on ACAS to encourage collective bargaining

Among other such measures that debilitated the trade unions were outlawing of closed shop, doing away of immunities that protected unions against liability when undertaking industrial action, repeal of Taff Vale Clause, rendering unions liable to damages, forfeiture of immunity where the unions failed to conduct secret ballots in accordance with tightly prescribed scripts before strikes, and failure to repudiate industrial action without secret ballot.

Some divisive measures were introduced legally that protected trade unionist, against disciplinary action by their unions, who refused to join properly balloted constitutional action. Moreover, to further fuel the fire, compulsory secret ballots were applied to elect senior officials of unions and to decide to maintain political funds. Some new state functionaries were introduced such as the Commissioner for the Rights of Trade Union Members (CROTUM) and the Commissioner for Protection against Unlawful Industrial Action (CPAUIA).

#### **1.8.1.2. New Labour: ‘A Third Way’**

It was in this backdrop in which the ‘New Labour’ came to power. As mentioned earlier, neoliberalism as a philosophy seeks to commodify virtually every aspect of modern life. This is done by removal of trade barriers, encouragement of competition, via market liberalization, deregulation and privatisation. Neoliberalism



seeks to cultivate the 'values' of individualism, economic man, and inequality as opposed to collectivism, solidarity and egalitarianism. Due to the negative connotations of neoliberalism, majority of its followers refrain from using the denomination of neoliberalism. As Gamble (2006:21) notes that they prefer other labels. The New Labour phenomenon in the UK is also based on broader neoliberal agenda, yet it distances its self from neoliberalism and could better be termed as 'Third Wayism'. The phrase 'Third Way' started to be used as early as the turn of the twentieth century, and was popular among right wing groups in 1920s. Giddens (1998:25) notes that Socialist International spoke of the Third Way in this fashion in 1951. And twenty years later, Czech economist Ota Sik and others used it to refer to market socialism.

Tony Blair, when came to power, relabeled and repackaged the Labour party as 'New Labour'. New Labour started tinkering the agenda subtly and first such example is the replacement in the Clause IV of the Labour manifesto to '*the enterprise of the market and the rigours of competition*' from '*to secure for the producers by hand and brain, the full fruits of their industry*'.

New Labour embarked upon the agenda of privatisation by a series of small-scale sell-offs; the national air traffic control system, the Commonwealth Development Corporation, and The Royal Mint. Jenkins (2006:259-60) points out another privatisation effort by the New Labour in terms of Inland Revenues' selling off its entire estate to a property developer, and also the Treasury sold its headquarters in the Parliament Square and then leased it back.

Blair government stubbornly refused the state ownership of bankrupt Railtrack and instead created Network Rail, a for-profit limited company without shareholders. The recent case of Northern Rock in 2008 is another glaring example of their dislike for state intervention when the government vacillated and nationalised it temporarily. Same kind of policy was aimed at the Post Office, which had to be abandoned when it met resistance. In the field of education, market economy idea was experimented by introducing top-up fees for university students.

A culture of self-help and facilitation was being promoted instead of welfare states' support and dependency model. Upchurch (2009:239) see the Third Way project as 'social investment state' envisaged by Giddens (2000) whereby the role of the state that discourages dependency and incentives are provided for personal development via education and training.

#### **1.8.1.3. Cosmopolitan Social Democracy (CSD)**

There is another school of thought, which is similar to The Third Way. This is a left wing variant of The Third Way, and that is Cosmopolitan Social Democracy (CSD). The proponents of this school of thought essentially argue that there has been a collapse of the ability of the nation state to regulate the corporations as a result of globalisation. There is opposition to the power of MNC on environmental and social aspects and this needs to be regulated. There should be some form of international regulation through agencies such as ILO or even the World Bank, International Monetary Fund (IMF), and United Nations. This approach is slightly different from Giddens (1998). Giddens' (1998) approach is voluntaristic, whereas the CSD approach proposes to look towards international institutions in order to regulate corporate sector. It is left wing version of The Third Way because it talks about a pressure from below, such as anti-corporate campaigns, Seattle type demonstrations, though it does not say much about organized labour – trade unions.

Held and McGrew (2002) hold the view that globalisation is challenging the foundations of world order and reconstituting traditional forms of sovereign statehood, political community and international governance. They see in globalisation-induced supraterritoriality a new form of regulation emerging at the international level. They term this as 'Cosmopolitan Social Democracy'.

Cosmopolitan Social Democracy, in Held and McGrew's (2002) view, can be conceived as a basis for uniting around the promotion of the impartial administration of law at the international level and the engagement of leading stakeholders in corporate governance.

#### **1.8.2. Proposition/Question 2**

*The conditions under which trade unions take a reactive/proactive stance*

It is argued that since trade unions were on decline, in Europe in general and in United Kingdom in particular, due to neoliberal policies adopted by states, their initial response to the concept of corporate social responsibility was adversarial/reactive. With the passage of time, it has dawned to trade unions that the concept of CSR is going to stay, whether they embrace it or not, hence we observe proactive engagement by trade unions with employers and among other counterpart organisations at the global level through international framework agreements.

#### **1.8.2.1. Decline of Trade Unionism**

Trade unionism is on decline for the last 20 years in Europe. The evidence of decline in trade unionism is in the form of decline in trade union density in many European countries. It has been estimated that in EU25, trade union density has declined from 32.6 percent in 1995 to 26.4 percent in 2001.

Visser (2006) analyses data on combined union membership levels of 12 of the EU15 Member States (excluding Portugal, Greece and Luxembourg) and reports that their union membership rose by 6.8% between 1970 and 2003. He notes that though union membership has increased, yet, it does not depict the real picture as position of unions has actually potentially weakened than what might be ascertained by looking at membership figures alone. He suggests union density as a better indicator for evaluating union strength and influence. Indeed, density rates declined by 11.5% between 1970 and 2003 in the 12 EU Member States examined, despite membership increases. Visser (2006) mentions other indicators of the strength of unions at workplaces and these include bargaining coverage, election results, union relations with legislators, and public opinion.

The United Kingdom is no exception from its continental cousins in terms of strength of trade unions. Rather the situation is worse than any other European country, if seen in terms of decline in union membership and certain other indicators such as proportion of trade unionist, collective bargaining coverage, workforce coverage of trade unions percentage of workplaces with recognised unions, etc. Trade unions have lost power gradually after late 1970s. And the trend was equal in both Conservative and Labour regimes. Cumulative union membership fell from 12.6 million in 1979 to

less than 8 million in 1996. Proportion of trade unionists in the labour force dropped from more than 50 percent to 30 percent. Waddington (2000) noted that Trade Union Congress (TUC), which claimed 12 million affiliated members in 1979, had less than 7 million members in 1997.

If looked at sectoral trends, trade union presence was more and more common in public sector, and less in the private sector. Various characteristics of trade union members were such that they were old, educated, professional and retired workers. Less and less young, uneducated and unskilled were members of trade unions.

Daniels and McIlroy (2009) summarize the decline of trade unions in the UK, based on decline in collective bargaining (70 percent of all employees in the mid 1980s to 54 percent in 1990 and 40 percent in 1998) and coverage of public sector employees by collective bargaining. Cully et al., (1999:96) note that only little over 40 percent of the workplaces with 25 or more employees had recognized unions while in a quarter of workplaces in which unions were recognized, there was no union representative.

Millward et al., (2000:197) noted that by 1998, 82 percent of public sector employees were covered by collective bargaining, but only 46 percent in the traditional union heartland of private manufacturing and 21 percent in private services. Stewart (1995) observed a fall in the wage differential between trade union workers over non-trade unionists. The issues such as hardening of management attitude towards unions, management control over the labour process from recruitment to pace of work, direct dealing with employees, bypassing union were noted by Gallie et al. (1998:107) and Cully et al. 1998:88)

Hyman (1997) draws a graphic picture of the situation of trade unions, at the time when 'New Labour' was coming to power in the UK, in these words:

*'Even where unions continued to function as before, they were often 'hollow shells', sidelined over key issues or serving enterprise purposes, their strength drained by restructured, insecure labour markets and constrained by the hostile legal environment'.*

In the post-war period, the British industrial relations landscape changed dramatically in the last decades of the 20th century followed by an unprecedented decline of trade

union presence and influence at the workplace. Aggregate membership density declined from 53% in 1980 to 29% in 1999. This resulted in a loss of more than five and a half million union members. There was a gradual and regular collapse of the collective bargaining process as the proportion of establishments recognising trade unions for bargaining purposes dropped from 64% in 1980 to 42% in 1998 (Millward et al., 2000) and coverage' by major union agreements fell from 48% to 29% between 1980 and 1995.

Various policies followed by the British state, treading the path of neoliberal philosophy broke the back of trade unions in the United Kingdom. Deregulation, and exposure of British industry to international competition, decline of manufacturing and basic industries, growth of service occupations, shrinking public sector were some of the factors that militated against trade unions in the UK.

Among other factors that played a major role in weakening trade union strength were weakening of institutions such as abolition of NEDC, Manpower Services Commission, reduction of union representation on tripartite institution and legal incursions.

The author concludes that union strength has decreased owing to several factors which include increased international competition via globalization, shift of employment in service sector, decrease in government employment fuelled by policies of privatization, much higher (long-term) unemployment rates (especially in Europe), the intense use of flexible employment contracts, and use of tight monetary policies. All these factors have eroded union power and strength in Europe.

If one looks at the management employment relationship, the power relationship is asymmetrical. The employer controls more power relative to the employees. If trade union power is declining, corporations have no restraint on them internally, from their workforces. Therefore, the restraint may come from other stakeholders such as consumers or shareholders or employees in more general sense.

### **1.8.2.2. Neoliberalism and Trade Union Anxieties**

The world has experienced policies based on neoliberal philosophy roughly in the last three decades. It is pertinent here to delve deep into a brief history of the phenomenon and its repercussions for an important section of the society i.e., trade unions.

Liberal philosophy in economics was introduced by famous Scottish economist of the 18<sup>th</sup> century, Adam Smith who wrote a book named “An Inquiry into the Nature and Causes of the Wealth of Nations (generally referred to by the short title ‘The Wealth of Nations’). He was of the view that government (state) should not intervene in economic matters and there should be no restrictions on manufacturing, no barriers to commerce, and no tariffs. According to him, free trade was the best way for a nation's economy to develop. Neo-liberalism gets inspiration from Smith's philosophy and is a set of economic policies that have become widespread globally.

Throughout the 19<sup>th</sup> century, capitalism reaped profits following the liberal economic philosophy. The major shock was felt in the 1930 during the period of Great Depression (1929-33) when the world encountered mass unemployment and liberal forces were bewildered at the outbreak of unemployment, which threatened regimes. The work of John Maynard Keynes came to rescue capitalism. He was of the view that full employment was necessary for capitalism to grow and it could be achieved only if governments and central banks intervened to increase employment. Keynes' mantra that government should advance the common good became widely accepted and countries followed the Keynesian policies, using fiscal policy to stabilize the economies during shocks.

The world took another turn gradually over the years and profits started dampening towards the end of the 1960s. Loss and fear of further shrinkage of profits inspired corporate elite to revive economic liberalism of the bygone years with a fresh missionary spirit. Market was now thought to be the only solution to all problems whether economic, social or environmental. Neoliberalism became famous in the 1970s as a political economy critique of Keynesianism. First implemented in the United States and the United Kingdom, it grew in contagious proportions to the rest of the world as a programme of restructuring of social relations of production. Its

implementation was facilitated by international organisations such as International Monetary Fund (Gamble, 2001).

The economic ideas that have been followed since 1970s are generally referred to as neoliberalism. According to Crouch (2012), although there are several strands of neoliberalism, yet the dominant theme behind all these branches of neoliberalism is that markets provide best opportunities to individuals and markets are to be preferred over states and politics which are inefficient and threaten freedom. Crouch suggests to first understand liberalism to comprehend neoliberalism. Liberalism, in Europe stands for strict application of market principles to economic life and extensive civil liberties. Industrial bourgeois replaced the pre-industrial nexus of monarchs, aristocracy and the church. This secular and religious authority exercised their right to grant trading monopolies in return for revenues collected through grant of these rights. Although, working classes sided with industrial bourgeois in wresting power from the age-old powerhouses, they were not successful in gaining much out of this transfer of power.

At this juncture in history, one can distinguish between two strands of liberalism. One group of liberals represented by workers and others looked towards state as counterbalancing power and started trying to democratize the state. In their attempt, they sided with socialists, who in turn wanted to use state power to cripple capitalist ownership. The other group of liberals vied for liberties of property ownership and market transactions and sided with conservatives in their effort to defend authority and property from democracy.

A group of German and Austrian liberals prescribed a solution based on ordoliberalismus, an economic system whose competitive order could be guaranteed by law. They sought balance between anti-capitalist proletariat and power of giant corporations. They believed in the importance of state's role in safeguarding market economy. This new economic liberal idea of the role of state for law to guarantee effectiveness of market forces gained popularity in the US and its followers are called neoliberals.

In the decades following the Second World War, an interdependence of capitalism and democracy was dawned to the industrialized nation elite as a result of World War II. Mass production found mass consumption in confident, secure working class consumers who were not a threat to capitalism. This enabled markets and profits to expand enormously. ‘A *true compromise*’ in the words of Crouch (2012) was achieved by a mix of Keynesian demand management policies and welfare principles that protected the lives of working people from the vagaries of the market. The last plank in this scheme was neo-corporatist industrial relations under trade unions and employers to ensure that their agreements did not have inflationary implications. This order of things with Keynesian demand management, strong welfare state and neo-corporatist industrial relations is referred to as social democratic.

The above mentioned scheme worked well until the inherent problem of Keynesian demand management gave way to inflation in the 1970s. As mentioned earlier, dampening of corporate profits was an outcome that is associated with the crisis of Keynesianism. This predicament of capitalism is characterised by slowing down of capital accumulation, diminishing profits, rising public expenditure and entrenched inflation. Crisis of Keynesianism was coupled with several events at the international level. These events form the context in which neoliberalism gained currency. These events include ending of fixed exchange rates regimes, distress to the western economies caused by OPEC oil embargo of 1973, simultaneity of economic growth and growing inflation, falling profitability and difficulties of US economy as a result of Vietnam War. A combination of these factors provoked catastrophe of Keynesianism (Glyn and Harrison, 1980 and Marglin and Schor, 1990).

A mix of these factors paved the way for adoption of neoliberal economic policies. The inflationary pressure compelled workers to ask for wage increase and with every such wage rise, there was a possibility of further fuelling the inflationary pressure. The response based on Keynesian theory would have been a choice of fiscal policy mix either reducing government spending or raising taxes or a mix of both. But this was politically unpopular.

The neoliberal policy prescription under these circumstances was to forget about the fiscal policy and concentrate on price stability. This approach is known as



‘monetarism’ spearheaded by famous Milton Friedman of the Chicago University. The Organisation of Economic Cooperation and Development (OECD), by the end of 1970s, changed its adherence to Keynesian demand management and started suggesting its members to encourage free markets, privatisation of state-owned enterprises and to follow private business methods in public services based on the philosophy of New Public Management. Concept of Public Private Partnership (PPP) was also advocated at this juncture. It coincided with The World Bank’s shift in supporting private initiatives instead of government projects in developing countries.

In Britain, neoliberalism appeared in the 1970s, developed over the years in the 1980s and was strengthened after 1997 with the coming into power of the Labour Party under a new name – New Labour. State intervention of the Keynesian era, it was thought to fuel inflation and depressed profits. The labour government in 1976 took loan from International Monetary Fund (IMF) to abandon full employment as a direct policy goal. Thatcher government in 1979 also abandoned its party’s long-standing commitment to Keynesianism and opted for aggressive privatisation, low taxes for wealthier and reduced social state. All these were the policy prescriptions of ‘monetarists’. Similar things happened in the US under Reagan administration, with more vigour. All neoliberal restructuring projects, Blyth (2002:147) notes, are based on two core assumptions that:

- Inflation is a greater threat to economic development than unemployment; and
- State intervention causes unemployment and inflation in an otherwise efficiently functioning, free-market economy.

Neoliberal policy prescription, as mentioned earlier, was to leave the markets on their own to correct themselves through interplay of demand and supply forces. Government should not interfere to protect levels of employment should the workers bid up price of their labour resulting a fall in the demand for products that they produce. The scheme worked in a way that if demand fell, workers would be unemployed rendering the remaining in work weakened vis a vis employers and their power to vie for wage increase would be curtailed. This would compel unemployed

workers to accept jobs at lower wages and market will regain its equilibrium. This was a solution to inflationary problems of Keynesianism.

Neoliberalism also advocates removal/dismantling of protective labour laws or elimination of burden of social insurance cost on employers. Since many of these social rights are popular, neoliberalism faces tough resistance in removing these. Neoliberal hostility towards trade unions rests on the reason that trade unions seek to interfere with smooth operation of the labour market. Trade union action results in short term inefficiency and long term unemployment.

Bieler (2007: 111) finds that European Union has been restructured along neoliberal lines. The evidence for this European restructuring could be found in the deregulation of national economies within the internal market programme, as well as by economic and monetary union, which instructs the European Central Bank to make price stability its sole primary objective and constrains member states' fiscal policy through the neoliberal convergence of the stability and growth pact.

For Britain, Daniels and McIlroy (2009: 99) note that the decline of trade unions was a result of adherence of British state towards neoliberal economics and politics. They attribute this loss of union power to number of factors that include maturing of anti-collectivist state, hostile employment legislation, hardening attitudes among employers, unfavourable changes in the structure of employment and the composition of the labour force. Crouch (2012) is of the opinion that 'The manual workers of Western industrial society' faced historic deficit of social power.

The trade unions are necessitated to opt for CSR as an opportunity in terms of gaining some leverage with employers in the wake of their weakened position vis a vis employers. Neoliberal policies adopted by states have created a vacuum and there is a deficit of legitimacy felt by trade unions in general in Europe and in Britain in particular. This vacuum is sought to be filled by CSR, which is seen by some as an opportunity to regain some influence at the workplace. The trade unions faced economic attrition and, political exclusion and loss of social legitimacy (McIlroy, 1995: 385-400). Trade unions lost their privileged position against employers as

Terry (1995:217) notes, “In the workplace ‘their organisations had been weakened and marginalized”.

Trade unions are at a loss due to neoliberal policies adopted by governments. According to Crouch (2012) neoliberalism, in actual practice, is the dominance of public policy by big corporations. He is of the opinion that growth of CSR lends an opportunity to firms to go beyond their economic functions and venture into influencing and shaping public policy. Corporations become not only a major pressure group but also the ‘insider participants’ in the political process. Although, there is no theoretical support in politics and economics for such a phenomenon, yet it is the reality of the current public life. Crouch (2012) points out that lack of distinction between market and firm is the root cause of many of the problems. The distinction between market and firm is ignored. He distinguishes between market and firm and refers this coexistence of the three – state, market and firm – as ‘comfortable accommodation’. According to his logic, firm binds both market and the state for its interest because if there was no such accommodation, one of these would have been crippled giving way to ominous results and chaos.

The political power of corporation lies in its extraordinary power to influence governments and legislatures around the world and ‘*regime shop*’ to pick and choose where to invest. This argument is supported by the famous ‘*race to the bottom*’ hypothesis, though, ‘*sunk cost*’ logic diminishes the desire to regime shop and dampen the ‘*race to the bottom*’ hypothesis. However, future new investment choices, for sure, follow ‘*regime shop*’. However, the phenomenon of ‘regime shop’ too has limitations due to quality concerns. The international deregulation of financial markets followed by economic globalisation, has enhanced the capacity of corporations, especially Transnational Corporations (TNCs), to translate their economic strength into political power.

Absence of governance at global level gives free hand to TNCs to make rules to suit them and the deals among themselves to set standards or rules of trade. This collusive regulation by global firms undermines governmental authority. However, there is some sort of public regulation at the global level in the form of organisations such as United Nations, the World Bank, and IMF where country representatives have

delegated authority from their respective governments. Other intergovernmental organisations such as European Union, North American Free Trade Agreement (NAFTA) and Mercosur regulate economic affairs to some extent.

Crouch (2012) holds the view that the representatives of TNCs have moved from lobby and have become insider participants of political decision making. “They set standards, establish private regulatory systems, act as consultants to governments, even have staff seconded to ministers’ offices” (Crouch, 2012, p. 131). A manifestation of insider participation by firms is the financing of US elections by corporate donors. It is in this context that trade unions are anxious about neoliberalism.

### **1.8.2.3. Reactive and proactive stance by trade unions**

Following conception by Justice (2003) points to two distinct positions of trade unions with regards to CSR – a reactive versus a proactive stance.

*“Trade unions did not create CSR. However, neither the concept nor the phenomenon will disappear should trade unionists choose to ignore either. CSR should not be viewed as an end in itself. Nor should it be regarded as a tool to be used as needed and returned to the toolbox. Rather, CSR is a convergence of ideas and real developments that is changing the environment in which trade unions relate to employers, business organizations, NGOs, governments and international and intergovernmental organizations. This new environment is not an option. Trade unionists can, however, help to shape it. But they must first recognize both the challenges and the opportunities that the environment holds for workers and their trade unions. Rising to the challenges and taking advantage of the opportunities will require a nuanced approach”.*

#### *Reactive stance by trade unions*

Firstly, since CSR is an employer-based agenda, trade unions have exhibited initial reactive stance towards CSR. The reactive approach is based on the scepticism that CSR might be used by companies as an alternative to governmental regulation. This apprehension is based on the voluntary nature of CSR initiatives whereby companies are not obliged to engage in CSR. The companies engage in CSR on their own volition and there are several drivers of CSR. CSR promotes corporate self-regulation and civil co-regulation over traditional government regulation (Newell 2000; Vogel 2005). Similarly, Doane (2005) has identified four key drivers for a company to adopt

a CSR programme and avoidance of regulation is one of these four key drivers of CSR by companies.

Secondly, the reactive approach is also based on the trade union thinking that companies have developed CSR programme, not by responsible intent or altruistic reasons, but these programmes were an outcome of criticism of companies by broader civil society, hence mending reputation and public relations exercise. For example, O'Donovan 2002, p. 349) is of the view that the purpose of corporate disclosure could be manifold including gaining or to extending legitimacy; maintaining current level of legitimacy, or mending and defending threatened legitimacy" (O'Donovan, 2002, p. 349).

Thirdly, trade unions are critical of the fact that although trade unions are given the status of the stakeholders, yet all the stakeholders are treated equally. According to the stakeholder approach to CSR, companies are expected to go beyond the legal aspect of CSR. The expectations come from different actors present in the environment of an organisation and these actors are termed as stakeholders. However, the proximity of relationship of trade unions to the management is such that they are the most important stakeholders but when companies treat trade unions like any other stakeholder, trade are compelled to adopt a reactive stance.

#### *Proactive stance by trade unions*

The first and foremost reason for trade unions to proactively engage with companies over CSR issues is that they want to prevent CSR from becoming a substitute for proper role of governments and trade unions. Trade unions are trying to use CSR as an opportunity to promote a culture of legal compliance and respect for standards as well as to promote good industrial relations and respect for the role of trade unions.

Secondly, trade unions want to utilize the stakeholder status and prevent the possibility of surrogate stakeholders such as NGOs claiming to represent them. Trade unions are not only the employee representatives but also private economic actors. This dual nature of trade union position has been recognised in tripartite structure of the ILO and consultative arrangements at the OECD. Similarly, private initiatives such as Ethical Trading Initiative (ETI) and Global Reporting Initiative (GRI) also

recognise dual nature of trade unions and distinguish them from NGOs. Companies treat all the stakeholders equally, which deprives trade unions of their position of an equal partner in industrial relations and social dialogue. Also companies often do not distinguish between NGOs and trade unions. This motivates trade unions to prevent possible capture of representation.

There is a proliferation of private codes of conduct by companies. These codes, with few exceptions, are often developed unilaterally. Trade unions take proactive stance on CSR initiatives by companies to ensure that private standard-setting and self-regulation do not negatively impact on the legitimate standard-setting functions of the ILO or of national governments.

Corporate transparency is another cherished goal of trade unions for it is indispensable for collective bargaining. Since social reporting is a crucial CSR activity, it is one of the important reasons for trade unions to engage proactively with companies and use their leverage to convince companies to genuinely account for their social impact and report on their social responsibilities. The decision of Global Unions to participate in Global Reporting Initiative (GRI) is a manifestation of such a proactive stance by trade unions. An agreement on what a company should report to the public about the social impact of its activities or its contribution to society is the most important form of standard-setting. At the global level, there are discrepancies in reporting at the core headquarter level as opposed to reporting on labour of companies who outsource most of their work. Capability of social auditors is limited to understand the linkage between suppression of trade union rights and the exploitation that the trade union activities are intended to prevent. For social auditors, workers can have voice without genuine representation. Trade unions are necessitated to engage proactively with companies to ensure proper auditing of social impact.

International solidarity is another important aspect of trade unions and given the globalisation and liberalisation of trade, a dual standard has been observed in terms of how multinational companies behave in home and host countries. Subcontracting of work gives rise to lowering of social standards and worsening working conditions in the countries where application of legislation is slack. Since trade unions want all the workers around the globe to be treated decently, it is in the interest of trade unions to

engage proactively with companies on CSR. Trade unions pursue application of codes of labour practice to suppliers in the value chain and independent monitoring at the global level through international framework agreements. Trade unions engage with companies to develop standards for social auditors and private workplace inspections.

There is possibility that the proactive CSR initiatives might be perceived strategy driven and positive. Although, different stakeholders have differing set of expectations from the firm, there seems to be unanimity in expecting from firms to attend to and right their wrongdoings. Similarly, some of the trade unions exhibit scepticism about the CSR initiatives by companies and take reactive stance about CSR activities. Yet there are others that see in CSR opportunities to achieve some leverage and hence take a proactive stance. Environment and climate change are the distinct areas where trade unions have demonstrated special interest. The proactive engagement of trade unions in environment and climate change, with special reference to United Kingdom would be discussed in Chapter 5.

As opposed to sceptics, there are optimists or rather pragmatists among the trade unionists who believe that unions should collaborate with employers about the social ramifications of business. Their belief rests on the premise that CSR is an enduring part of the business landscape and if trade unions disregard it, it will provide opportunity to businesses that are trying to use CSR to forestall regulation. Engaging in CSR also affords union leaders an opportunity to promote compliance with regulatory standards and respect for the role of labour unions (International Confederation of Free Trade Unions, 2001).

Another important development one could conceive of about the proactive stance taken by trade unions, though at supranational level, is in the form of recent development of International Framework Agreements (IFA). Since the first framework agreement was signed between Danone and IUF in 1988, a steady growth has been recorded in IFAs and up to now 95 IFAs have been signed by various Global Union Federations, previously known as International Trade Secretariats. Since companies are trying to come up with private regulation as an alternative to governmental regulation, trade unions are proactively manipulating the concept of

CSR and using partnerships and collaboration at the global level to shape global industrial relations. International Framework Agreements are preferred over unilaterally decided codes of conduct because these are produced after a process of negotiation among companies, trade unions and Global Union federations. IFAs serve as an attempt to remedy the content and procedural deficiencies associated with the private corporate codes of conduct.

### **Reactive/Proactive strategic initiatives by companies**

A reactive self-interested rationale CSR is primarily instigated by external pressure imposed on companies. This pressure derives from sources such as legislation, local communities, pressure groups with single-issue agendas, and the media. A reactive, responsive approach to various social pressures is resorted in order to avoid potentially damaging economic impacts. Companies engage in reactive CSR by compulsion whereas in the case of proactive CSR, companies choose to engage in CSR willingly.

Davis (1973) refers CSR to the firm's consideration of, and response to issues beyond the narrow economic, technical and legal requirements of the firm's response to these issues and Clarkson (1995) is of the view that firm's response to these issues may be proactive or reactive. Spicer (1978) and Orlitzky & Benjamin (2001) found evidence for a negative relationship between CSR and risk. Bowman (1980) specifically mentioned CSR as a means of reducing business risk. Firms with proactive CSR tend to anticipate and reduce potential sources of business risk such as governmental regulation, labour unrest, or environmental damage (Orlitzky & Benjamin, 2001). Such firms engage in practices like environmental assessment and stakeholder management (Wood, 1991). In a similar vein, Husted (2005) using real option theory found that there was a negative association between proactive forms of CSR and business risk.

Royal Dutch Shell was alleged in 1996 to support Nigerian military junta to execute Ken Saro-Wiva and a number of other Ogoni community members because of their political organising against Shell. There was a similar public outcry over Shell's decision to discard the Brent Spar oil drilling platform in the North Sea. These events compelled Shell to change its social outlook and relationships with host countries and



consumers. Resultantly, Shell re-evaluated its operating principles and established clearer human rights guidelines and issued its first social report.

Another example of such reactive response is of IKEA. Faced by external pressures, IKEA integrated its CSR objectives more systematically into its management philosophy and business operations. IKEA faced social demands from public regulators in Denmark and Germany, trade union criticism by International Federation of Building and Wood Workers (IFBWW) and Federatie Nederlandse Vakbeweging (FNV) and attention by media and NGOs including Greenpeace, Robin Wood and Save the Children. In response to these pressures, IKEA decided to respond promptly as it did in the beginning of 1980s when a high proportion of poisonous substances was found in IKEA particleboards sold in Denmark. The same year, IKEA's management established large-scale testing of its products and introduced new requirements for its suppliers. Because of its success in responding to such external criticism, IKEA has been nicknamed the "Teflon Company" (Miller, 2001).

Capitalists have demonstrated their capability to oblige opposition and resistance and deal with crisis conditions and contradictions by developing new institutions, and reforming or strengthening existing ones (Utting 2002). And CSR is one such example. Instead of reacting to pressures and resorting to defensive approach, there are numerous cases where various business players have engaged proactively in shaping CSR. Some high profile TNCs and larger national companies have used several means such as sponsorships, dialogue, and participation in partnerships to accomplish this task. The examples include ABB, Backus (Peru), BP, Carrefour (France), Dow Chemicals, Dupont, Eskom and Sasol (South Africa), Ford, IKEA, Levi Strauss, Merck, Migros (Switzerland), Novo Nordisk, Rio Tinto, San Miguel (Philippines), Shell, Suzano and Aracruz (Brazil), Tata Iron and Steel (India), Toyota, and Unilever (Utting, 2005). Financial service industry including banks, investment funds and insurance companies, has also taken a proactive stance towards CSR and these include Calvert, Domini Social Investments, Dow Jones, FTSE Group, KPMG, SGS, and UBS.

As opposed to reactive response, there are numerous examples of proactive engagement of companies such as engaging in 'triple bottom line' thinking that suggests organisational success to hinge on economic profitability, environmental sustainability and social performance (Hart & Milstein, 2003) or incorporating emerging global standards of expected responsible conduct into their management systems (e.g., the UN's Global Compact); and introducing accountability initiatives (e.g., SA 8000 and AA 1000) into their production processes and global supply chains (Waddock et al., 2002). Annual production of separate social responsibility reports by over half of the Fortune Global 500 MNCs (Williams, 2004) is another manifestation of such proactive stance taken by corporations.

A specific example of IKEA is a case in point where IKEA proactively sought to anticipate stakeholders' demands. At the beginning of the 1990s, IKEA initiated collaboration with Natural Step, an international, not-for-profit, research, educational, and advisory organization. IKEA is also a member of various business networks, including Business for Social Responsibility and Global Compact.

Apart from other drivers for businesses to engage in activities related to CSR could be the human resources perspective. Obviously, every employer wants to have a dedicated workforce, which if happy and satisfied, would be more productive than a bunch of disgruntled workers. Employers face some or all of the following challenges on routine. These include high staff turnover, loss of key employees at critical times, and high cost of recruitment and training of new staff. A business organization could be at risk due to these situations, which can potentially affect its performance damagingly.

Firms engaging in CSR strategies and programmes can help manage this risk by creating an environment where staff can enjoy their work and where they can feedback concerns about the company's behaviour so action can be taken - for example, the identification of illegal workers in the supply chain. In the following sections, an attempt has been made to explain the concepts of Third Way and Cosmopolitan Social Democracy that represent businesses' desire to fill the regulatory gap and pre-empt any move towards further regulation.

### **1.8.3. Proposition/Question 3: Several policy implications for trade unions reactive/proactive approach**

Policy implications for trade unions filtering from this study are to assess various stances taken by trade unions and choosing the best possible course of action. As mentioned earlier, one reason for trade unions to embrace CSR is their need to maximise their bargaining power vis a vis employers and increase their leverage in the face of deficit of legitimacy after a historic decline in their power relative to the employer. There could be number of options available to trade unions at local, national and international/global level. These include:

*Local (Enterprise) Level:* Embarrassing employer by naming and shaming about greenwashing, window dressing, PR, etc [**Reactive**];

*National Level:* Campaigning along side NGOs [**Reactive**]; or

*International Level:* Following the Global Union Federation route by promoting International Labour Standards, entering into International Framework Agreements [**Proactive/Reactive**]

The best strategy for trade unions would be to manipulate CSR agenda for their advantage and use a mix of campaigning alongside other civil society organisations and enter into partnership with employer either at the local or global level.

#### **1.8.3.1. Partnership: A Way Out?**

Several researchers (Freeman, 1995; Guest 1995; Kochan et al. 1986; Wheeler and McClendon, 1991) have observed that better pay and working conditions, increased influence over workplace decisions and protection against the arbitrary management action are the most important concerns for trade unions. Their members regard them as effective if the trade union establish their success in these areas. In a neoliberal environment where trade union powers have been seriously affected, a possible way out to achieve some success on the above mentioned issues could be their engagement with the management.

Hyman (1996: 70–1) identified five strategies available to trade unions: as

representative of occupational elites, as provider of individual services, as forger of 'productivity coalitions' with management, as 'interlocutor of government', and as social protest organization. Productivity coalition, a strategy of collaborating with management 'in policies to enhance competitive performance' is the approach that is interesting and is being adopted by trade unions as a solution to deficit of influence.

The use of the term 'partnership' has been in UK parlance with reference to industrial relation (See Kelly, 1996: 78; Haynes and Allen, 2001). And employer-union collaboration has been practiced in British industrial relation e.g., the Mond-Turner agreements of the late 1920s. Upchurch (2009:239) quotes Martinez Lucio and Stuart (2005) describing partnership at work as 'new industrial relations in a risk society'.

Partnership strategy adopted by trade unions in the UK is an expression of their desire to have some leverage in a political regime, which is characterised by withdrawal of regulation of business, leaving a vacuum. It is an expression of their interest in the success of business, as they could not afford failure of the employers of their members. This desire seems further plausible in the wake of them being ditched at the political level, as they have lost sympathy of once an old time ally in the form of Labour Party. The mind set at the Labour party level has changed in terms of trade unions that are no more seen as mediators between the party and voters because working class support is being taken for granted. Efforts geared to partnership provide trade unions with much needed societal and workplace legitimacy.

Ackers and Payne (1998: 544–5) conclude that 'by including unions in [managerial decision-making processes], partnership marks out a favourable industrial relations terrain, in which unions can regain the initiative and work to rebuild their institutional presence in British society'.

Partnership is seen as a necessary strategic reorientation on the part of trade unions and academics that vouch for this strategy guarantee pay offs of partnership accruing to trade unions in an increasingly competitive environment. (See Haynes and Allen, 2001 and Samuel, 2003). These and others doubt any positive outcomes of adversarial strategies and caution trade union against any such approaches.

Like others, partnership strategy too has its critics who hold a pessimistic view of partnership. They foresee disastrous outcomes of partnership and their apprehension is based on several reasons (Taylor and Ramsay, 1998; Martinez Lucio and Stuart, 2002; Findlay and McKinlay, 2003; Danford et al. 2005). Partnerships are seen as divisive at the inception and introduction stages and when the details of partnerships are unfolded. The examples of division among workers at the conception stage at Blue Circle, tensions at the Scottish Power and United Distillers at the time of introduction of partnership and in Royal Mail and Inland Revenue at the implementation stage are cases in point (Kelly, 1999; Beale, 2003 and Gall, 2005). There are several definitions of corporate social responsibility, which mention different dimensions. These dimensions include:

- Voluntariness,
- Stakeholder,
- Social,
- Environmental, and
- Economic

The definition that includes all these five dimension is the one that is adopted by the Commission of the European Communities. The Commission defines CSR as:

*“A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (Commission of the European Communities, 2001).*

After a detailed account of definitional aspects of CSR in the previous sections, it is argued that for the present study, the operational definition of CSR is the one that includes the above mentioned five dimensions and especially the stakeholder dimension of CSR. The reason why this definition is relevant for the present analysis is that since it is argued that due to deficit of trade union power due to several varied and at some point interconnected reasons, trade unions are in search of some sort of leverage to influence the business agenda and they see in CSR an opportunity where they can regain some of their lost stature and become part of the process.

### **1.9. Gaps in Literature**

There is dearth of literature discussing this topic in both the industrial relations community to engage actively with CSR (Royle, 2005) and the CSR/business ethics literature to examine the role of trade unions (Preuss, Haunschild and Matten, 2006). This paucity of literature on the topic suggests a rather conflict-ridden relationship between CSR and organised labour, with writers judging CSR a threat to trade unions and works councils (Capron and Quairel, 2004; Sobczak, 2004)

Academic literature on CSR, influenced by American Anglo-Saxon tradition rarely looks at response of organized labour towards CSR. The explanation of such a neglect of trade unions in stakeholder management literature could be lesser presence of trade unions in American business system (Delbrad, 2011). As compared to that, European academics and practitioners have mentioned trade unions frequently, though cursorily (Capron and Quairel-Lanoizele' e, 2004, 2007). As for specific research on stakeholder theory and trade unionism, very few articles have been identified (Preuss et al., 2006, 2009; Preuss, 2008, Haunschild, et al. (2008); Axel, Preuss & Matten, 2006).

Preuss, Haunschild and Matten (2006) have identified five distinct positions of trade unions across Europe. In the first position, CSR is perceived as a threat to trade unions as it confers more discretionary powers to managers. The second category of trade unions exhibits scepticism about the power of CSR to deliver goods. The third position is shared by the trade unions from the countries with strong corporatist traditions. These trade unions see themselves as drivers of CSR. The fourth position is about the trade unions in the Eastern European countries where trade unions are facing a deficit of legitimacy and due to their weaker position in the society, are unable to shape CSR agenda. In the fifth category are a small number of East European trade unions that lack awareness about the whole concept of CSR. Hence Preuss, Haunschild and Matten (2006) observe a broad spectrum of union responses to CSR. Burchell and Cook (2006) found that UK companies involve unions significantly less than other stakeholders while making decisions regarding company activities prioritizing CSR.

Some of the trade unions in Europe are sceptical about the fact that whether CSR could deliver on promises. Their scepticism is based on the fact that whether corporate philanthropy is real corporate responsibility or a mere attempt on improving corporate image. A British financial service Union UNIFI expresses its scepticism in these words:

*“One must be clear on whether this philanthropy is real social responsibility or merely a method of improving corporate image by diverting attention from other less popular actions”. UNIFI, (2001, p. 1)*

In contrast to antagonist position, yet there are others who champion the cause of CSR. This has been observed in the countries such as Germany and Denmark with strong corporatist tradition. German Union IG Bergbau, Chemie und Energie claims to make a contribution to CSR by fighting for codetermination and against unfair competition in its industries (Habisch and Wegner, 2005).

Another set of trade unions from Eastern Europe are disillusioned by a loss of legitimacy due to dominance of unions created by communist regimes. As a consequence, there are a few independent trade unions in Eastern Europe such as *Solidarnosc* in Poland. But overall, trade unions are weak and have less influence on shaping the CSR agenda in their countries.

Some of the trade unions again from some of the Eastern European countries are characterized by lack of knowledge regarding CSR. A statement by the Bulgarian union (quoted in Beaujolin, 2004, p.6) that assesses the situation in its country as follows:

*“The Bulgarian public and most employers (apart from a few foreign investors representing multinationals) are not familiar with the notion of CSR”.*

Haunschild, et al. (2008) through case studies of three industries in Germany, France and Belgium analysed the response of trade unions and employers. The respondents showed their scepticism of the voluntary nature of CSR and see CSR initiatives as threat to their position. Trade unions and works councils in Europe become natural partners of companies on CSR issues through the co-determination process within the European industrial relations framework.

They found a mixed response of trade unions towards CSR. In two cases, organized labour took relatively active part in CSR initiatives, so much so that their status was similar to an in-house NGO, influencing the CSR agenda at company level. In these two cases, trade unions assumed bridging role between the company and other civil society actors and facilitated stakeholder engagement. This phenomenon has not been mentioned in American stakeholder literature.

Haunschild, et al. (2008) hold the view that corporations use CSR as a pretext to evade regulation by national governments and share their concern with Bakan (2004) in terming CSR as part and parcel of global shift. Haunschild, et al. (2008) cite example of UN being co-opted into this approach under UNGC through which it (UNGC) leaves commitment to labour, human rights or environmental standards to corporate discretion instead of legally binding regulation (Monbiot, 2000; Bendell, 2004).

Haunschild, et al. (2008) interprets CSR as a reflection of the dominant American model of capitalism. This is an attempt at privatising the governance of workers rights substituting traditional industrial relations framework, with CSR. European Commission, following the footsteps of UNGC, has moved away from long standing tradition of multistakeholder consultation by launching in 2006 European Alliance for CSR. It is focused on corporations and ignores other stakeholders such as trade unions and gender (Gardner, 2006).

Haunschild, et al. (2008) casts doubt about hitherto currently common apprehension of trade unions towards CSR and recommends further research to explore the exact nature of trade union involvement in CSR.

Preuss (2008) using document analysis of responses to European Commission's Green Paper on CSR, analysed trade union response to CSR debate as to whether they see themselves as stakeholders and if so, what themes of stakeholding trade unions seek to emphasise?

Of all the responses, the stakeholder term for themselves is excessively used by trade unions from the United Kingdom. Comparatively, the trade unions from the other



European countries use stakeholding sparingly. In the cases of France and Denmark stakeholding was only mentioned by one of two unions that had responded to the European Commission Green Paper; in the French case the response by union FO included the term just four times in a document of 47 pages. (Preuss, 2008, p. 4)

Preuss (2008) concludes that there seems a desire by trade unions to maintain traditional industrial relations patterns in the face of a rise of CSR in Europe. Trade unions have used the concept of stakeholding to support some traditional union goals, such as preserving a special status of employees over other stakeholders. At the same time, they are critical of the voluntary nature of CSR and demand compulsory CSR reporting.

A quick journal database search on the following keywords yielded a very few results that are presented in the table below. Keywords included:

CSR and organized labour

CSR and trade Unions

CSR and workers

CSR and Employees

Social Accountability and trade unions

It is evident from the keyword search that except for two articles (Preuss, L., Haunschild, A., and Matten, D., 2006 and Preuss, L. 2008) no other study analyses the relationship between trade unions and employers based on their engagement or otherwise on the concept of corporate social responsibility.

**Table 5: Keyword Search**

Keywords	Authors/Title	Journal
CSR and organized labour	Olivier Delbard, (2011) "Social partners or full-fledged stakeholders?: Trade unions and CSR in Europe (France, Germany and the UK)".	Society and Business Review, Vol. 6 Iss: 3, pp.260 - 277
	Preuss, L. (2009). "The rise of CSR: implications for HRM and employee	The International Journal of Human Resource Management, Volume 20,

	representation”.	Issue 4
	Preuss, L. (2008). “A reluctant stakeholder? On the perception of corporate social responsibility among European trade unions”.	Business Ethics, 17(2), p149
	Dawkins, C. (2010). “Beyond Wages and Working Conditions: A Conceptualization of Labor Union Social Responsibility”.	Journal of Business Ethics, Vol. 95 Issue 1, p129-143.
	Egels-Zaden, N. (2009). “Transnational governance of workers’ rights: Outlining research agenda”.	Journal of Business Ethics, 87(2), p169-188
	Leahy, J. T. (2001). “Making room for labour in business ethics”.	Journal of Business Ethics, 29(1/2), p33-43
	Egels-Zaden, N. and Hyllman, P. (2006). “Exploiting the effects of Union-NGO relationships on corporate responsibility: The case of Swedish Clean Clothes Campaign”.	Journal of Business Ethics, 64(3), p303-316
	Acker, P. Payne, J. (1998). “British trade unions and social partnership: Rhetoric, reality and strategy”.	International Journal of HRM, 9(3), p529-550
CSR and trade Unions	Preuss, L. Haunschild, A., and Matten, D. (2006). “Trade unions and CSR: a European research agenda”.	Journal of Public Affairs, Vol. 6, Issue 3-4
CSR and Employees	Royle, T. (2005). “Realism or idealism? Corporate social responsibility and the employee stakeholder in the global fast-food industry”.	Business Ethics: A European Review, Vol. 14, Issue 1, p. 42–55.
CSR and workers	Rodrigo, P. and Arenas, D. (2008). “Do Employees Care About CSR Programs? A Typology of	Journal of Business Ethics, Vol. 83 Issue 2, p265-283.

	Employees According to their Attitudes”.	
Social Accountability and trade unions	Karns, R. (2009). “A change in business ethics: The impact on employer-employee relations”.	Journal of Business Ethics, 87(2), 189-197

### 1.10. Way Forward

Voluntary nature of CSR creates doubts among trade union circles to see CSR as a threat to traditional regulatory framework. Simultaneously, there are some new developments such as rise of NGOs as external stakeholders and states’ yielding responsibilities in favour of businesses. Trade unions fear that management may take advantage of this new situation to shun dialogue and avoid confrontation with them (Capron and Quairel-Lanoizele´e, 2004). Furthermore, CSR include many other things other than employee relations such as human rights, the environment or public health. This is where NGOs have expertise and trade unions have to learn to cooperate with NGOs for instance (Capron and Quairel-Lanoizele´e, 2007). Environment is such an area where there exists a conflict of interest between ecological preoccupations and trade unions. If one considers the environmental agenda as a potential job destroyer especially in polluting industries for instance, trade unions are at odds with it. However, there is growing interest exhibited by trade unions towards climate change that holds promise for trade unions and it seems to be a useful addition to the traditional trade union agenda.

Delbard (2011) suggests a via media to trade unions to tackle the paradox in which they find themselves. Since trade unions have a narrow focus on workplace agenda, whereas there are numerous other issues that come under the ambit of CSR, trade unions should redefine and broaden the scope of their traditional agenda and also take on board such civil issues by taking pragmatic positions, learning from NGOs.

Unions are recommended to integrate new issues, thus extending the scope of action (Preuss et al., 2006; Capron and Quairel-Lanoizele´e, 2007) and acting for the common good (Neau-Leduc, 2008), not only for corporatist interests. Delbard, (2009, p. 56) terms this expansion of agenda as ‘cultural revolution’. This according to

Delbard, (2009) has a promise for organized labour in revitalizing trade unionism. Such a strategic move will not only renew the status at workplace, it will give broader civil legitimacy to them. Eventually they will then be in a position to act as “in-house NGOs” (Preuss et al., 2009, p. 969).

## **Chapter 2: Research Methodology**

The present study employs an interpretive approach because the research objective is to identify the process of trade union motivations towards an existing reality i.e., Corporate Social responsibility (CSR). The connection between the intentions of trade unions and CSR is an area overwhelmingly under researched. There is room to contribute to the explanation of trade union motivations to engage with business through CSR. Although there are lessons from the existing theory, yet that does not fully explain the phenomenon. In these circumstances, the recommended approach is qualitative research where the existing literature fails to adequately capture the reality. Frankel and Davers (2000) suggest qualitative techniques to be most suitable to tackle the situations that are complex in nature and it is hard to explain these phenomenon using conventional research approaches.

The specific aims of the chapter are given below

1. Various methodological approaches
2. Comparison of qualitative and quantitative research
3. Explain research methods for the present study
4. Elaborate upon the valuation criteria including validity/reliability
5. Explain research tools used in the study
6. Data Collection Strategy
7. Data analysis scheme
8. Ethical considerations

In the present study, an effort has been made to seek insights from primary case data supplemented by multiple forms of data in terms of published documents and public positions taken by several actors. This multiple layered data was interpreted to understand the motivations and inform the propositions developed in the previous chapter. As pointed out in the literature review, there is dearth of empirical evidence on the reasons compelling trade unions to engage in the concept of CSR which otherwise has some content that conflicts the traditional trade union agenda. In these circumstances, qualitative research design was applied. An inductive approach was

applied to give meaning to the data that consequently renders this study hermeneutic as compared to the positivist approach. It is pertinent here to delve into some methodological approaches.

## **2.1. Various Methodological Approaches**

There are several methodological approaches and the important ones include, among others, *phenomenology*, *positivism*, *interpretivism*, and *critical realism*. These approaches advocate different ways into social inquiry. Proponents of these approaches hold differing views as to how social issues are to be investigated. The research question at hand is dealt with by using the phenomenological and interpretivist approaches.

### **2.1.1. Phenomenological Approach**

Husserl (1913) has done pioneering work in phenomenological approach to qualitative research. Later on, Schutz (1977) developed it into a major social science perspective. Phenomenology, in the words of Patton, (1990) explicitly focuses on ‘how human beings make sense of experience. It requires methodologically, carefully, and thoroughly capturing and describing how people experience some phenomenon – how they perceive it, describe it, feel about it, judge it, remember it, make sense of it, and talk about it with others.’ (Patton, 1990, p. 104).

Through phenomenological approach an effort is made to elucidate phenomena through how they are perceived by actors in a situation. This requires gathering in-depth information and perceptions through inductive, qualitative methods such as interviews, discussions and participant observation, and representing it from the perspective of the research participant(s). Experiences from individual perspectives are studied using phenomenological approaches that emphasise the importance of personal perspective and interpretation. Phenomenological approaches are helpful in understanding subjective experience, gaining insights into people’s motivations and actions, and cutting through the clutter of taken-for-granted assumptions and conventional wisdom.

Various methods can be used in phenomenological research, which include

interviews, conversations, participant observation, action research, focus meetings and analysis of personal texts. The important principle involved in this approach is that there is minimum structure and maximum depth. The establishment of a good level of rapport and empathy is critical to gaining depth of information, particularly while investigating issues where the participant has a strong personal stake.

A serious caveat of phenomenological research is that it generates large amounts of interview notes, tape recordings, jottings or other records all of which have to be analysed. Analysis is also necessarily cumbersome as it is hard to divide data into neat categories. A common practice among researchers, who use this approach, is to analyse data in several stages. In case of large data that is fairly disorganised, the first stage is to read through data and get a feel for what is being said. During this process, key themes and issues in each text are identified. These points are then aggregated and organised with the aid of a mind-map. This list of points is then interrogated to make sense of what participants say. It is supplemented with the points that are not brought out through this process. (See Hycner, 1985 for a more detailed description of this process).

### **2.1.2. Interpretivism**

Social phenomena involve human behaviour, which is unpredictable and scientific methods could not capture this variety. Social reality could be understood by actions of social actors. It is the interpretation of a social situation and it could vary with various social actors. Interpretivists find meanings of social phenomenon (Winch, 1958). There are layers of interpretation; firstly, people interpret the social situations around them. Secondly, the researcher interprets the interpretations of the studied at another level. Thirdly, the interpretations of researcher find way into literature and further interpreted. The knowledge is built by social construction of the world. In interpretive research there is mutual interdependence between the researcher and the object under study. Creswell (2003), while comparing positivism and interpretivism, sees the former as deductive verifying theory and latter as inductive creating meanings and generating theory on the basis of gathered data.

Table 6 compares positivism and interpretivism based on metatheoretical assumptions about ontology, epistemology, research object, method, validity and reliability.

**Table 6: Assumptions**

Metatheoretical Assumptions about	Positivism	Interpretivism
Ontology	Researcher and reality are separate	Researcher and reality are inseparable
Epistemology	Objective reality exists beyond the human mind	Knowledge of the world is intentionally constituted through a person's lived experience
Research Object	Research object has inherent qualities that exist independently of the researcher	Research object is interpreted in light of meaning structure of researcher's lived experience
Method	Statistics, content analysis	Hermeneutics, phenomenology, etc.
Theory of Truth	Correspondence theory of truth: one-to-one mapping between research statements and reality	Truth as intentional fulfillment: interpretations of research object match lived experience of object
Validity	Certainty: data truly measures reality	Defensible knowledge claims
Reliability	Replicability: research results can be reproduced	Interpretive awareness: researchers recognize and address implications of their subjectivity

Source: cited in Weber (2004)

Positivists utilize quantitative research methods that include laboratory experiments, surveys and collect large amounts of empirical data that is analysed using statistical techniques and data so collected represents true measure of reality. Interpretivists, on the other hand use qualitative research methods such as case studies and ethnographic studies.



## 2.2. Qualitative Research

Commonly, positivist approach is taken to mean as quantitative and all the other non-positivist research is termed as qualitative. Within the research community, there is another distinction between qualitative and quantitative research, made on the basis of methodological issues. Reality of this distinction is still debated among the academic circles and the distinction between quantitative and qualitative approaches is still blurred when the criteria implicit in qualitative-quantitative dichotomy is examined (Hayes, 1997; Layder, 1993, p. 110). Bryman and Bell (2007, p. 28) make distinction between the two at research strategy level. They term a research strategy as quantitative when it '*emphasizes quantification*' and qualitative when it emphasizes '*words rather than quantification*'. Quantitative research is mostly deductive in nature and natural science models are used. Whereas, qualitative research is inductive in nature, based on interpretivism and theories are generated during the process of research itself.

Denzin and Lincoln (2000, p.3) define qualitative research as "*an activity that locates the observer in the world*". Qualitative research seeks depth in a phenomenon or a situation. It goes beyond the superficial and does not take issues at their nominal or face value. A qualitative researcher, when confronted with a situation or a social phenomenon, does not take the things for granted, rather very minute details hold meanings for him or her. He/she rakes the ashes and tries to find the burning embers beneath.

Qualitative research seeks to look into and interpret the world as seen by people, and not the things happening in the laboratory settings. It is an inquiry into how people make sense of their life experiences. Qualitative research is like prism as it gives a spectrum of various behaviours as opposed to the function of a lens that converges to one point.

In qualitative research, the researcher is the pivot as it is he/she who is at the centre stage to make sense out of what is observed. It should not be misunderstood as subjectivity, which will be discussed later. Ambert et al (1995, p. 884) term qualitative research as 'cyclical' as opposed to 'linear' in the case of quantitative research. It means that in qualitative research, it is the researchers who conceive the

idea and reflect back during the process of data collection and dig down the realities to peel up new layers of information in an iterative fashion.

As mentioned earlier, the present study aims to describe and explain various motivations by trade unions to embrace the concept of CSR. The dominant paradigm employed for the present study is interpretivist and qualitative. The reason for preference of interpretivism over the other with relation to the present study is that it tries to describe and explain strategy and the process of strategy formulation. These are difficult to capture with entirely quantitative approach. There is a lot of brainstorming at the union management level to adopt a certain strategy and to get a handle on how a specific strategy is adopted, it is easier to explain using an interpretive approach.

A research design provides a framework for the collection and analysis of data (Bryman and Bell, 2007, p. 44). There are various research designs identified in the literature on research in social sciences. Bryman and Bell (2007) point out five prominent research designs and several variants of these different research designs. These include experimental design, cross-sectional or social survey design, case study design and comparative design. The present study is based on case study design. Benefit of using this research design is that it gives flexibility to the researcher to combine several qualitative methods. Moreover, case study design provides benefits offered by comparative design because one can compare across cases and could explore variations and/or similarities within and across cases. Case study involves comprehensive and in-depth analysis of a single case. Through case study research, the researchers look into certain specific and intricate cases. In social science literature, especially management literature, case study approach is widely used, though it is criticized on the basis of its limited scope in terms of the generalisation of its results, in particular across sectors (Hammersley and Gomm, 2000), a case study approach in comparative international business issues is particularly recommended in situations when a rather recent phenomenon is still insufficiently understood (Ghauri, 2004). There are several types of case studies involving single organization, single location, an individual or a single event. Several management researchers have employed this kind of research design. Among the best known studies, Pettigrew (1985), and Martin (1992), have focused on a single organization. Pollert (1981),

Linstead (1985) and Milkman (1997) have used case study design to understand dynamics at one particular location. Marshal (1995), Vaughan (1990) and Gephart (1993) have used case studies to understand a person and an event respectively.

### **2.3. Research Method**

As mentioned earlier in this chapter, for the present study, interpretive case studies are analysed to understand the strategies available to trade unions vis-à-vis CSR. Yin (1994) points out the important condition for the choice of appropriate research strategy as the identification of the type of research question to be asked. The case study approach is useful and handy in answering the 'how' and 'why' types of questions as these are used in explanatory and exploratory studies. Case study approach is helpful in understanding dynamics of strategy at the organization level where different actors give different meanings to actions. Kumar (2005) emphasises the usefulness of case study approach as it provides opportunity to conduct intensive analysis of trade union strategy formulation process, which could be overlooked by other methods.

The purpose of the study informs the choice of research methods. If the purpose of present study were to gauge the magnitude of trade union engagement in CSR activities, a survey design would have been appropriate to collect vast amount of empirical data regarding several trade union motivations. Since the present study is an attempt to understand the dynamics of strategy formulation at the trade union level, case study approach is the most suitable to get insights into the thinking prevalent at few trade union umbrella organizations, which is expected to give rich understanding of the process through thick data.

Taylor (2000) advocated qualitative case study method to highlight the richness of data to show bigger picture and explain processes, facts and causal links as they occur and provide rich description and explanation of the processes. Zonabend (1992) stated that case study is done by giving special attention to completeness in observation, reconstruction, and analysis of the cases under study. Case study approach is extensively used in management research as a scientific tool and several other disciplines such as medicine, law and education are using it. Case study research can make use of a wide range of data collection methods including qualitative and

quantitative methods. However, due to flexible nature of qualitative data, it gets preference over quantitative methods that require higher degree of strictness.

#### **2.4. Document Research**

There are numerous social phenomena that need to be understood and social researchers undertaking research find answers or explore explanations regarding these social phenomena. In their quest to understand these social phenomena, researchers require information, called data in research jargon. Data is used to understand patterns and regularities in these phenomena. It is a commonly held view that for original research, new or primary data must be collected and for that purpose, social survey method, coupled with in-depth interviews and participant observations are used. However, sometimes, secondary data contains very useful information. There is no denying the fact that social surveys, in-depth interviews, and participant observation have been tried and tested, but these are not the only sources available nor are they always useful.

Another research method that is used, albeit sparingly in social research, to supplement conventional social surveys is the documentary research method. Document research is just as good as other research methods and at times it is even more cost effective than social surveys, in-depth interviews or participant observation. Payne and Payne (2004) describe the documentary method as the techniques used to categorise, investigate, interpret and identify the limitations of physical sources, most commonly written documents whether in the private or public domain.

A document is a piece of written material that has been produced with a purpose. Individuals and groups of people produce documents in the course of their everyday practices, exclusively for their own immediate practical needs (Scott, 1990). The researcher using document research method should be aware that the documents already produced are prepared keeping in mind a specific audience and are not deliberately produced for the purpose of another research project. These are indirect accounts of the social world of the people who created them.

Documents can be divided into two categories, namely primary documents and secondary documents. Primary documents are first hand accounts produced by people

who experienced a particular event or the behaviour they wanted to study. Secondary documents are indirect accounts of people who were not present at the scene and are prepared by reading or listening to eye-witness accounts of other people (Bailey 1994: 194). Documentary sources provide mediate access as opposed to proximate access as characterised by Scott (1990). It is important to use mediate access to understand and explain an event or a phenomenon after its occurrence.

Documents could be public, private or personal. Public document sources include government publications such as acts of parliament, policy statements, census reports, statistical bulletins, reports of commissions of inquiry, ministerial or departmental annual reports, consultancy reports, etc. Sources of private documents could be private sector businesses, trade unions and non-governmental organisations, and private individuals. These include minutes of meetings, board resolutions, advertisements, invoices, personnel records, training manuals, interdepartmental memos and other annual reports, though this not an exhaustive list. Personal documents include household account books, photo albums, address books, medical records, suicides notes, diaries, personal letters, etc.

Like other sources of social enquiry, documents too need to be handled scientifically. Like all research methods, document research requires rigorous adherence to research standards and ethics. To this end a quality control formula of handling documentary sources exist and must be adhered to (Mogalakwe, 2006). Scott (1990: 1-2) has formulated quality control criteria for handling documentary sources. These criteria include authenticity, credibility, representativeness and meaning. Authenticity refers to whether the evidence is genuine and from impeccable sources; credibility refers to whether the evidence is typical of its kind, representativeness refers to whether the documents consulted are representative of the totality of the relevant documents, and meaning refers to whether the evidence is clear and comprehensible.

For the purpose of this study, the author has mixed document research with other methods. This document research was preliminary, often web-based, indicative and formative, of the trade unions that were active. Not all the trade unions take active participation in CSR related issues. At the first stage, an indicative, formative, web-based secondary analysis was done with the purpose of isolating those trade unions

that had some sort of involvement in the CSR issues. Afterwards, it was a filter process to identify, specific to use for more in-depth case vignettes research through survey/interviews. These documents were related to the case vignettes used for this study. To supplement the interviews and document research from the case vignettes, an effort was made to interview two 'opinion makers', one from the University College Union and the other an independent academic who happened to be an active trade union representative. These were the people involved in proactive trade union work - the proactive trade union campaigners. A list of documents that have been analysed for analytical purpose is given in Appendix 6.

## **2.5. Evaluation Criteria**

There are several criteria to evaluate research and important among them are reliability and validity. Reliability of a research instruments is an important consideration for both quantitative and qualitative research. External reliability is related to replicability i.e., the extent to which a study could be replicated in other settings. It is hard to achieve external reliability in case of qualitative research as social situations are not static and are rather dynamic.

The other important criterion for evaluation of research is validity. External validity is an important type and it means the extent to which findings of a research could be generalized across social settings. Since in a case study design, there are a few cases, a question arises about the representativeness and generalisability of results. How can a single case or a few cases be representative and its findings could be applied to more general cases? A possible explanation for the present study is that cases studied here could generate some concepts and help give meanings to some phenomenon. Since the aim is to extend this study to the rest of Europe at a later stage, the results could then be tested for other cases.

Internal validity is another important type of evaluation criterion for research. Credibility is a parallel of internal validity in case of qualitative research. It could be achieved through respondent validation or triangulation. Respondent validation means that the researcher wants to seek confirmation of congruence between his/her understanding and that of the respondents. Since it is a time consuming process and doubles the effort of the researcher, for the present study, triangulation is resorted to

come up with credibility. As mentioned earlier, more than one source of data are to be employed. These include interview(s) of the trade union representatives, analysis of the trade union responses to European Commission Green Paper on CSR and other published material from the concerned unions. The three different sets of data helped to corroborate the responses and gave credibility to findings.

Level or unit of analysis is an important consideration for a researcher and it needs to be mentioned at design stage. For the present study specific individuals such as trade union representatives are the unit of analysis. Trade unions themselves as organizations are also units of analysis.

The extent to which a measure can be generalized to other measures constitutes reliability in research. Measuring which is intended is called validity (Warwick 1973, Baker 2002, Silverman 2001 & 2000). Reliability is improved in qualitative research by ensuring as systematic recording of the events as possible, immediately after the event. Interviews can be made more reliable by recording the interviews using gadgets such as digital recorders, careful transcription of interviews using accepted transcription protocols and presenting long extracts of data in the write-up, which acts to give readers improved access to raw data (Silverman 2001). This study has employed each of these to improve the quality of data collected.

Validity can be enhanced within qualitative methods by accurate recording of the events, the use of multiple methods and through a systematic analysis of the resulting data (Silverman 2001, Warwick 1973). All the 11 interviews conducted were digitally recorded in full.

The use of multiple methods (interviews, questionnaires and document analysis in the interview research), systematic notes, recording devices, accepted transcription techniques, instructions given to interviewees regarding the purpose of research and the confidentiality and a systematic analysis of data have each been used to improve both the reliability and validity of data.

## **2.6. Research Tools**

Efforts have been made to employ a mix of various qualitative and quantitative techniques for data collection. Data was gathered from the published material on trade unions. Semi structured research tools were used to solicit information from trade union representatives.

Interview guidelines were developed for semi-structured interviews so that the process of gathering information remained focused. It gives more freedom to the researcher to probe beyond pre-determined questions and seek clarifications and elaboration on the topics under discussion.

Before embarking upon the study, preliminary contacts with the trade union representatives were established and access to published data and other forms of data collection were negotiated. During this process, availability of appropriate sources of information was ascertained. Efforts were also made to ensure that the chosen means of data collection were acceptable to all concerned.

Since the documents to be used for the present study are available on the official websites of the unions, these seem to be authentic and credible. Moreover, these are the stances taken by various unions on the EC Green Paper on CSR, and there is one recipient of these documents, so these are comparable.<sup>3</sup>

## **2.7. Data Collection Strategy**

Eleven interviews have been conducted out of which five are face-to-face interviews. The rest of the six interviews were conducted using Skype. Two more respondents returned a duly filled in questionnaire. This resulted in approximately eight hours of interview time ranging in length from 28 to 113 minutes. The interviews have been conducted with people within the national trade unions and trade union umbrella organisations and Global Union Federations. The respondents were selected on the basis of relevance of their work to Corporate Social Responsibility. A 'request for interview' form was developed mentioning the purpose of research. A respondent information sheet informing the respondents about the purpose and process of the

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<sup>3</sup> Since all the responses to Green Paper are directed at the European Commission, it makes them comparable.



interview was provided to the respondents prior to the actual interview. A copy of 'request for interview' and 'respondent information sheet' are given in the Appendices 4 and 5. A range of documents had been accessed including annual reports, press releases, policy statements and publicity materials related to corporate social responsibility and workers.

## **2.8. Data Analysis**

In a research employing quantitative methods, the scheme of things is linear and progressive with one stage followed by the other. For example, in a study using survey methods, questionnaires are developed, and then these tools are pre-tested and refined before being administered. Once data collection is complete and data cleaning is done, it is followed by analysis and results are reported after this stage. Unlike quantitative research, qualitative research is different in following various steps. Especially, it differs with quantitative research as far as data analysis is concerned. In qualitative research, data analysis starts simultaneously with the data collection process. With the initiation of data collection, themes start emerging and there is need of feedback into the process of data collection. Thus, analysis coincides with data collection. For the present study, continuous efforts were made to assess data as it poured in.

In a qualitative study, huge amounts of data are collected and effort needs to be made to come to grips with vast amounts of data. The next step in data analysis is the interpretation and reduction of data. The author picked up some common threads running across voluminous amount of information and certain patterns, categories and themes.

It is pertinent here to mention a limitation of the study. Since the author has already got training in corporate social responsibility, and the present study tries to describe and explain trade union understanding of CSR, it might bring in personal bias. Conscious efforts are made to minimize that bias by distancing personal opinions during interview process.

There are several reasons for using case study methodology for the present study. Firstly, case study is appropriate when conducting exploratory, complex or

contextualized research (Robson 1993, Yin 2003, Scholz & Tietje 2002). Secondly, case study can be used when the purpose to understand the “how” and “why” questions of a phenomenon (Yin 2003). Thirdly, case study makes allowance to retain the context and complexity in description of a phenomenon and for an investigation of the impact these contextual factors have on the social processes (Yin 2003, Hartley 2004).

The use of multiple methods within a case study are important irrespective of the fact that a case study builds testable, verifiable hypotheses (Yin 1984, Eisenhardt 1989, Scholz & Tietje 2002) or whether it provides in-depth, rich descriptions of a particular phenomenon in a particular setting (Van Maanen 1988). Multiple methods provide for internal validity, construct validity, stronger evidence of the relationship between theory and data, and the ability to build theory and help to generalize findings to a wider group (Eisenhardt 1989). Common methods used in case study methodology include observation, interviews, document analysis, questionnaires, experiments and surveys (Scholz & Tietje 2002, Eisenhardt 1989). These methods might either be qualitative or quantitative in nature, depending on the particular context. For the present study, three methods have been applied i.e., interview, questionnaires and document analysis.

The interviews generated a very rich data set and to handle the variety and richness in the data, all the interviews were transcribed. Once the tedious work of transcription was over, a word document was created where all the individual responses were sorted under categories that emerged after the initial reading of the transcripts. After repeated readings, the categories were refined and similar responses from all the interviews were brought together to capture similarities and variations. For example, the category ‘*Company CSR Coinciding with Trade Union Agenda*’ was treated as follows:

Category	Responses
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Company CSR Coinciding with Trade Union Agenda	<p>[DJ6<sup>4</sup>: CSR is in fact a concept that is related to how management does this. If you look at the subjects i.e., discrimination, lifelong learning, restructuring, ageing workforce, equality. These are (stand alone) subjects. These are not CSR as such. So I would look at all these internal and external affairs as essentially subjects, which can be dealt with in the concept of CSR, but they can also be dealt with as subjects. I think the trade union agenda is going to have to be decided by unions and it's not going to be a CSR agenda.]</p> <p>[TG6: Some of the this language you have here like welfare of personnel, safety at work, promoting equality and diversity, preventing discrimination, promoting lifelong learning, management of change due to restructuring and ageing employees, all of these points are absolute fundamental priorities of the trade union movement.]</p> <p>[EC6: Definitely. We are interested in all of these aspects although internal issues, which directly affect members in the workplace, have greater importance for us.]</p> <p>[MS6: All these issues you mention na. All these issues are corporate social responsibility issues na. You mentioned safety at work.]</p> <p>SK: Do these issues coincide with your agenda?</p> <p>MS6: We see CSR as something that includes all these things na. All the issues that you have mentioned are social issues, social and labour issues.]</p> <p>[RJ6: Of course, because for instance you have said lifelong learning, we have amongst the trade unions, there are some agencies, which support and provide mechanisms or measures for instance to support or to fill in those possibilities created by the companies. Some companies indeed provide for instance lifelong training themselves, but some companies also provide opening measures to employees. We will pay for the training but its up to you how you or what will be the context and how you organize it.]</p> <p>[LK6: - social and economic pillars.]</p>
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Source: Author

There are responses from six different interviewees about one common theme. The Interviewees are assigned unique IDs to anonymise the interviewee identity. In this example, the responses of interviewees from ITUC (DJ6), IndustriALL (TG6), Unite The Union (EC6), Comisiones Obreras (MS6), ETUI (RJ6) and STTK (LK6) are recorded.

## 2.9. Ethical Considerations

As mentioned earlier, during the course of the study, some individuals were to be interviewed and published record of various organizations was to be studied. Ethical considerations are very important for any type of study. Keeping in view nature of the study, explicit permission was sought from the respondents on the use of data generated through interviews. Although, efforts have been made to maintain anonymity of the respondents and organizations, yet there is a limitation for the

<sup>4</sup> Details of Response ID are explained in Chapter 3.

present study due to small number of specific respondents. The cases were drawn from a very small universe, it is hard to conceal the identity of the organizations, although efforts have been made to guarantee anonymity of individuals. All other ethical considerations such as informed consent, avoidance of deception and harm to the respondents have been taken care of.

### Chapter 3. Data Analysis and Interpretation

The overall objective of Chapter 3 is to analyse data and interpret the results. The specific aims of this chapter are given below:

1. Justification for selection of organisations and interview process
2. A brief introduction of the selected organisations
3. Introduction of organisations
4. Data Interpretation in connection with the proposed hypotheses

The aim of this chapter is to interpret the qualitative data gathered through face-to-face, telephonic interviews and questionnaires. In total, thirteen interviews have been conducted with people whose work is related to the issues concerning CSR. As mentioned in Section 2.9, aim of the interviews was to get first hand information from people whose work was related to CSR issues in their respective organisations.

#### 3.1. Justification for Selection of Organisations and Interview Process

The Table 7 below gives details of the respondents, with their designations, organisations and the interview length. The organizations where these people are based include AKAVA, Building and Woodworkers International (BWI), Comisiones Obreras (CCOO), Deutscher Gewerkschaftsbund (DGB), European Trade Union Institute (ETUI), International Confederation of Trade Unions (ITUC), Fellesforbundet, IndustriALL, Prospect, Finnish Confederation of Salaried Employees (STTK), University College Union (UCU) and Unite – the Union.

**Table 7: Details of Respondents by Organisation, Designation, Interview ID and Interview Time**

Organisation	Designation	Interview ID	Interview Time	Interview Mode
AKAVA	Advisor, International Affairs	JK	30	Telephone
Building and Wood Workers International (BWI)	Assistant General Secretary	MH	35	Skype
Comisiones Obreras (CCOO)	Secretaría de Seguridad Social y Previsión Social Complementaria	MS	71	Skype
Deutscher Gewerkschaftsbund	Mitbestimmung und Unternehmenspolitik	MM		Questionnaire

(DGB)				
European Trade Union Institute (ETUI)	Researcher	RJ	40	Face-to-face
Fellesforbundet	International Secretary	AH	30	Skype
IndustriALL	Communications Officer	TG	64	Skype
International Trade Union Confederation (ITUC)	Policy Advisor Economic and Social Policy	DJ	113	Face-to-face
Prospect	Research & Project Officer	BH	40	Face-to-face
Finnish Confederation of Salaried Employees (STTK)	Employment Policy Expert/Senior Adviser	LK		Questionnaire
University College Union (UCU)	Climate Change Coordinator	GP	30	Face-to-face
Unite the Union	Research Officer	EC	30	Telephone/Questionnaire
Brunel University	Senior Lecturer Politics and History	GD	28	Face-to-face

Note: Interview ID is based on the initials of the names of the respondents. The names are not provided for anonymity purposes.

This first section gives brief introductions of these organisations to set the scene and make a case for their relevance to the present study. The next section relates the three propositions that have been developed earlier and an effort has been made to relate the evidence collected through data and triangulated and supplemented by other documentary evidence.

The cases that we have selected so far have distinguishing characters based on various attributes given in Table 8 below.

**Table 8: Trade Union Attributes**

Union	Representative Category	Institutions	Sectors/Representation
Akava	Confederation	Public/Private	Education, Technology
BWI	Global Union Federation		Building, building materials, wood, forestry and related areas of work.
CCOO	Spanish Umbrella Organisation		

DGB	German Umbrella Organization	Public/Private	8 Member Unions representing members from Agriculture, Chemicals, Construction, Food, Beverages & Catering, Education, Energy, Environment, Metalwork, Mining, Police, Railway & Transport Services, Science and Service sector
Fellesforbundet	National	Private	Iron and metal, the shipbuilding, graphical sector, car repair workshops, aircraft repair workshops, hotels and restaurants, the textile industry, the shoe industry, the building trade, the building industry, the paper industry, graphical branches, fish farming, and agriculture and forestry.
ITUC	International Umbrella Organization	Public/Private	
IndustriALL	Global Union Federation		Mining, energy and manufacturing sectors
PROSPECT	White-collar	Public/Private	Civil Service, Defence, Education & Care, Energy, Environment & Food, Health & Safety, Heritage, Industry/Research, IT & Telecom, Justice, Nuclear, Public Administration, Science and Transport
STTK	Confederation	Public, private, private service	Nurses and practical nurses, technical engineers, police officers, secretaries, and bank employees
UCU	White-Collar	Public/Private	Education
UNITE – The Union	Mix of White and Blue-Collar	Public/Private	Aerospace & Shipbuilding, Chemicals, Pharmaceuticals, Process & Textiles, Civil Air Transport, Community, Youth Workers & Not-for-profit, Construction, Docks, Rail, Ferries & Waterways, Education, Electrical Engineering, Energy Utilities, Financial & Legal, Food, Drink & Tobacco, Graphical, Paper & Media, Health, IT & Communications, Local Authorities, Metal (including foundry), MoD & Government Departments, Motor Components, Passenger Transport, Road Transport, Logistics & Retail Distribution, Rural & Agricultural, Servicing & General Industries and Vehicle Building & Automotive

Source: Author

Prospect is a white-collar workers union and represents workers both from public and private sectors. Unite – the Union represents a mixture of white and blue-collar members, ITUC is an umbrella organization representing several industries and sectors around the world and DGB is also a national umbrella organization.

We have selected ITUC as it is an umbrella organization at the international level, DGB, Fellesforbundet, STTK, Akava and CCOO to capture differences in national systems, BWI and IndustriALL to analyse the IFA route to engage in CSR activities and Prospect and Unite to be moderate trade union organizations believing to work in partnership with the companies. Another reason for selecting two Global Union Federations from the total of nine GUFs is that both BWI and IndustriALL have signed 67 Global Framework Agreements. Access was a strong limitation as majority of the trade unions was not forthcoming in providing an opportunity to interview them.

### **3.2. Levels of bargaining/Influence**

There are several levels of bargaining/influence for the selected organisations. Table 9 gives details of the levels by selected organisations. The local level is the level of the enterprise or the organisation and the example might be Prospect or Unite the Union. At national level, in United Kingdom, strangely they seem rare. There is representation either at the enterprise level or the supranational. The national level representation in the UK is Trades Union Congress (TUC) initiative with the British state or Confederation of British Industry (CBI) or any joint initiative. It is quite interesting that national level representation seems quite rare. It relates to the idea of voluntary nature of regulation or a manifestation of cosmopolitan social democracy by way of which private international regulation of corporations is advocated. The examples could be working through ILO, working through the International Trade Union Federations.

Another aspect worth noting is that the national organisations such as Akava, Comisiones Obreras, DGB and Fellesforbundet are also affiliated with regional and international organisations. For example, Akava is affiliated with ETUC, ITUC, TUAC, and is active with organisations in Nordic and Baltic countries and Russia. Similarly, Fellesforbundet is affiliated with ITF, ETUF, EMF, and EMCEF. Hence these national organisations are situated between the two levels. They are the agents for both the local and supranational. Therefore, the international organisations are not solely international trade union organisations. National level organisations collaborate with Global Union Federations through International Framework Agreements such as



Fellesforbundet and Comisiones Obreras.

**Table 9: Organisations by location and levels of bargaining/Influence**

<b>Union</b>	<b>Location</b>	<b>Levels of Bargaining/Influence</b>
<i>Akava</i>	<i>Finland</i>	<i><b>National</b>, International</i>
<i>BWI</i>	<i>Switzerland: representing workers globally</i>	<i><b>Supranational</b></i>
<i>CCOO</i>	<i>Spain</i>	<i><b>National</b>, International</i>
<i>DGB</i>	<i>Germany</i>	<i><b>National</b>, International</i>
<i>Fellesforbundet</i>	<i>Norway</i>	<i><b>National</b>, International</i>
<i>IndustriALL</i>	<i>Switzerland: representing workers globally</i>	<i><b>Supranational</b></i>
<i>ITUC</i>	<i>Belgium: representing workers internationally</i>	<i><b>International/Supranational</b></i>
<i>PROSPECT</i>	<i>United Kingdom</i>	<i><b>Local</b></i>
<i>STTK</i>	<i>Finland</i>	<i><b>National</b></i>
<i>UCU</i>	<i>United Kingdom</i>	<i><b>Local</b></i>
<i>UNITE – The Union</i>	<i>United Kingdom</i>	<i><b>Local</b></i>

Source: Author

Note: In column 3, the figures in bold represent the primary level of bargaining/influence for each organisation}

### 3.3. Organisations

In the following sections, a brief introduction of all the selected organisations is presented. The introduction includes a brief history of the organisation, its representativeness and its aims and objectives.

#### 3.3.1. Akava – Confederation of Unions for Professional and Managerial Staff in Finland

Akava, the Confederation of Unions for Professional and Managerial Staff in Finland is a trade union confederation for those with university, professional or the other high-level education.

Akava has more than 30 affiliates with half a million unionised members working as employees, entrepreneurs and self-employed professionals in either the public or private sector. The members join one of the Akava's affiliates based on their field of study, degree, profession or position. The members are from fields such as education, technology or medicine and serve in the management or expert positions. Besides this, Akava has 100,000 student members as well. Akava represents approximately 70 per cent of all highly educated citizens. Of all Akava members, 52 per cent are women.

### **Collective Agreements**

Akava watches over the shared financial, professional, educational and other social interests of its members, as well as safeguarding their status and prestige in society. Akava is politically unaffiliated and independent of any political party.

Together with other central confederations, Akava conducts negotiations over collective wage and labour agreements. The social partners' negotiation mandate includes unemployment benefits, pensions, financial support to adult education and individual worktime account schemes.

Akava's central tasks include a general watching over of its members' interest in society. Akava lobbies decision-makers in the fields of taxation, labour, education and social policy, among others. The lobbying is supported by research and training, as well as local, regional and national activity and publicity work.

As regards collective agreements in the public sector, Akava's collective bargaining mandate is held by Negotiation Organisation for Public Sector Professionals JUKO. In the private sector, the negotiating body is the Federation of Professional and Managerial Staff (YTN), even though certain affiliates negotiate independently.

### **Regional Activity**

Akava is active on several levels. It aims to improve the status of its members through nationwide activity, but the importance of the regional level is also considerable.

Akava has a significant foothold at the regional level. Its operations are carried out by 15 regional committees. The geographical boundaries of the regional committees are based on those of the Employment and Economic Development Centres, i.e. the principal government office on the regional level. The regional committees focus on questions related to education, labour force and employment issues, research and innovation activities as well as work life development. They also aim at promoting the vitality of their area and of bringing academic expertise to bear in regional decision-making. The committees are represented, among other bodies, in the co-operation groups of the regional councils, the consultative committees of the employment and economic development centres, and the various committees, which these bodies may set up.

### **International Dimensions**

European integration strives towards the single labour market. The social partners negotiate unionwide agreements on employment conditions. Akava is active in the European Trade Union Confederation (ETUC), and especially its division Eurocadres, which looks after professional and managerial staff. Finnish trade union federations operate a joint office in Brussels. Moreover, Akava's representative is a member of the European Economic and Social Committee. Akava's international activities extend beyond the European Union. Akava co-operates with all the Nordic countries, the Baltic countries and Russia. Akava is also a member of OECD's Trade Union Advisory Committee (TUAC), the International Trade Union Confederation (ITUC) and of the Finnish ILO Committee.

### **3.3.2. Building and Woodworkers International (BWI)**

Building and Wood Workers (WFBW) and World Federation of Building and Wood Workers (WFBW) merged on 9 December 2005 at its World Congress in Buenos Aires, to form a new global union federation, the Building and Wood Workers' International - BWI. The BWI is the Global Union Federation grouping free and democratic unions with members in the Building, Building Materials, Wood, Forestry and Allied sectors.

The BWI has around 328 trade unions affiliates and represent approximately 12 million members in 130 countries around the globe. BWI is headquartered in Geneva, Switzerland. Its regional and project offices are located in Panama, Malaysia, South Africa, India, Burkina Faso, Curaçao, Chile, Kenya, Russia, Peru, Brazil and Thailand.

BWI's mission is to promote the development of trade unions in the sectors that its affiliates are associated with throughout the world and to promote and enforce workers rights in the context of sustainable development. The BWI has close association with the European Federation of Building and Wood Workers (EFBWW), the Nordic Federation of Building and Wood Workers (NFBWW), the International Trade Union Confederation (ITUC) and other Global Union Federations (GUFs). The BWI has got a Special Consultative Status to the Economic and Social Committee of the United Nations and is engaged with international organizations such as the International Labour Organization (ILO), the International Tropical Timber Organization (ITTO), the Food and Agricultural Organization (FAO), the international employers' organizations, such as the Confederation of International Contractors' Associations (CICA) and the regional and international financial institutions such as the World Bank and World Trade Organization (WTO).

Globalization and concentration in industries has overwhelmed the world and construction industry is no exception. Construction work is mobile and involves cross-border work. Construction companies often use labour hiring companies. Intensified competition gives way to social dumping because of cheaper labour imported from neighbouring countries. Along with this, informal form of work is on the rise and workers have to bear the brunt of these developments. Moreover, there is a gulf between workers in the industrialised and developing countries in terms of their qualifications and wages. Forms of work in these two worlds also vary from mostly regular jobs to contractual and sub-contracted work. This necessitates the enormous need for training and re-training schemes in developing countries.

In a similar way, wood workers are also facing increased global competition and one observes race-to-the-bottom phenomenon due to differences in wages and lax

implementation of laws. With high capital mobility, it is quite easy for companies to transfer production to places where this differential is higher.

The health and safety conditions in our industries are often far from satisfactory and often the work is very dangerous. Workers are exploited on various counts and exploitation of fundamental workers' rights is not acceptable. Therefore, BWI campaigns for the promotion of sustainable practices. In this connection, BWI urges governments, companies, trade unions and development agencies to work together in order to achieve this objective. BWI pushes for trade union representatives to be involved on equal footing in social and tripartite dialogues in all countries.

BWI promotes the three pillars of sustainable industrial development - economic viability, environmental protection and social responsibility and believes that a sustainable working life is a pre-condition. Sustainable working life means decent pay and working conditions, a meaningful job with prospects, a good working environment, continuous human resource development and secure employment.

### **3.3.3. Comisiones Obreras (CCOO)**

CCOO's Trade Union Confederation is a prestigious, democratic trade union central office, which confederates the nationality-based and regional union's state federations and confederations. It defends the professional, economic, political and social interests of both male and female workers in all spheres of labour. Comisiones Obreras is affiliated to the European Trade Union Confederation (ETUC) and the International Confederation of Free Trade Unions (ICFTU). It also forms part of the Trade Union Consultative Committee to the OECD. Its industry-wide federations are members of the European and international federations.

CCOO has consolidated its position as the biggest trade union organisation with more than 1,100,000 paid-up members, and the most representative with more than 122,000 delegates democratically elected by all employees in companies with more than six workers.

### **Structure, organisation and management bodies of CCOO's Trade Union Confederation**

Starting from companies' trade union sections, CCOO is built up from trade unions within both regional and sector-based organisations. CCOO's trade union confederation allies 17 nationality-based confederations and regional unions for each of the Autonomous Communities (self-governing regions) within Spain, two unions in autonomous cities; and 12 sector-based state federations.

The Congress is held every 4 years. Half of the delegates are elected by the sector-based organisations and the other half by the regional bodies. The Executive Committee is elected at the congress by secret ballot and proportional representation and reports on its work. The Congress approves general policy, the programme for trade union action, and the organisation of the statutes. The Congress also appoints the General Secretary, the top legal and public representative of the central office. The maximum duration of this appointment is two ordinary terms and one extraordinary term of office.

The Executive Committee appoints from within the Secretariat, made up of the heads of the different Registries or Labour Areas. The Executive directs the central office, putting into practice the orientations and decisions adopted by the Congress and the Confederal Council. The Confederal Council is the maximum decision-making body between Congresses. It is made up of 156 members: the Executive and the representatives of the confederated organisations, in proportion to their affiliation.

The Confederal Committee is a coordinating body and focus of debate for confederation management. It is made up of the general secretaries of the confederated bodies and the Secretariat. To debate and take decisions on specific questions the Confederal Conferences are called. The Guarantees Committee is the independent body, which defends the statutory rights of affiliates and confederated organisations. The function of the Monitoring Committee is to oversee and assess administration and financial work.

CCOO sees trade union autonomy as the exercise of democratic decision-making capacity, carried out independently of governments, employers, political parties and other social organisations. It undertakes its commitment to build a free, fair and

equality-based society, based on the principle that trade unions are autonomous political entities.

Key objectives today are as follows:

- To reinforce and structure sector-based and company collective bargaining, broadening its content beyond salary and working hours.
- Full and quality employment, overcoming the current precarious nature of jobs in the labour market.
- To participate in handling changes, which take place in labour relations and production, through Social Dialogue.
- To maintain and improve the systems of social protection - pensions, unemployment, etc. - and key public services - Health, Education, etc...
- To improve Health and Safety at Work
- To promote sustainable development
- To construct a European framework for labour relations which would include collective bargaining and framework legislation for social and labour relations.
- To boost the political construction of a Europe based on rights, social and regional cohesion and the European Social Model.
- To contribute, through international trade union action and collaboration with NGOs and social movements, to the globalisation of rights, particularly social and working rights, and to the democratic government of multilateral institutions, respecting international law and the aspirations for peace and justice of peoples.
- To contribute to the strengthening of the ETUC and the ICTU and the European and International Federations and promote trade union unity in the world.
- To promote the affiliation of women and young people, fomenting their access to positions of responsibility at work and in the trade union. To affiliate and defend the rights of immigrant workers.

### **3.3.4. Deutscher Gewerkschaftsbund (DGB)<sup>5</sup>**

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<sup>5</sup> This section draws heavily upon the DGB website.

Deutscher Gewerkschaftsbund or Confederation of German Trade Unions (DGB) is an umbrella organization for 8 German trade unions. It represents the German trade union movement and deals with government, employers, political parties and other relevant groups in the society. Solidarity is the founding principle of DGB. It believes that people should not be discriminated on the basis of gender, colour and their country of origin and also there should be equal opportunities of employment and income for everybody. Since change is the only thing that is permanent, DGB is in favour of humane modernisation and fair distribution of wealth. This belief is based on the future oriented concepts of social market economy as a response to changed social conditions.

It strives for a welfare state, fair wage, codetermination, lifelong learning and economic growth. Workers need social assistance at present and in future to plan their lives accordingly. If workers' welfare is taken care of, there is evidence that their efficiency will improve. At DGB, it is thought that collective agreements protect conditions of employment and payment and only a strong union can negotiate binding collective agreements, so collective bargaining is and remains indispensable. DGB supports and promotes the right of codetermination through which social responsibility is assumed that in turn ensures social peace. At DGB, it is believed that on the job training for employees is of prime importance. It enables workers to adjust to the changing technology and contributes to their employability. DGB holds the view that sustained economic recovery of the economic situation can bring the much needed upswing in the labour market. DGB has launched an "Offensive for Employment and Economic Growth" that offers effective solutions in the long run.

#### *Structure and work*

DGB is a trade union umbrella organisation and represents its members in dealing with employers, governments and political parties. DGB has a membership status at the European Trade Union Confederation (ETUC) and the International Trade Union Confederation (ITUC).

DGB is run by five executive members who are elected by Federal Congress every four years. Federal Congress consists of 400 delegates and they take strategic decisions. The five executive along with 8 presidents of the member union form



DGB's Federal Presidium. The Federal Council consists of 70 delegates from unions, 13 members of Federal Presidium and the Regional Chairperson. Federal Council meets annually to decide on matters of nation-wide significance. DGB is headquartered in Berlin, and has numerous branches in the other federal states, towns and districts. Local offices serve the purpose of further countrywide outreach. Union delegates at each level elect committees for 9 districts, 66 regions and the federal centre. DGB has a democratic bottom-up structure. It represents eight unions and in total it represents more than 8 million men and women as there is an option for unemployed, trainees and students to become members.

The DGB supports its eight member unions by presenting joint demands, themes and campaigns. Their support includes representation in industrial disputes, advocating the member interest vis-à-vis politicians and the general public. Although, DGB does not directly negotiate collective agreements, yet it contributes to the process by offering its expert techniques in this regard.

DGB members are politically independent as they don't hold allegiance to political parties or any religious denomination, but they are not neutral and strive for democracy and human rights and oppose political extremism.

Conditions at workplace are of prime importance to DGB. It supports its member unions at shop floor and company level to protect and shape working conditions in a desirable manner. It provides information and legal advice to its members regarding the case before labour tribunals and social courts. At the executive bodies for self-regulation of social insurance funds, DGB is entitled to represent its members. The related issues include compulsory health, accident and pension insurance funds. It also has a representative status at the Federal Office of Employment. Moreover, it has a seat and a vote in the advisory councils of public and private broadcasting organisations.

### **3.3.5. European Trade Union Institute (ETUI)**

European Trade Union Institute (ETUI) was formed in 2005 by merging European Trade Union College (ETUCO), European Trade Union Technical Bureau for Health and Safety (TUTB) and European Trade Union Institute (ETUI). The European Trade

Union Institute is the independent research and training centre of the European Trade Union Confederation (ETUC) which itself affiliates European trade unions into a single European umbrella organisation. The ETUI places its expertise – acquired in particular in the context of its links with universities, academic and expert networks – in the service of workers' interests at European level and of the strengthening of the social dimension of the European Union.

The Institute is composed of three departments:

- Research
- Education
- Working conditions, health and safety

The ETUI conducts studies on socio-economic topics and industrial relations and monitors European policy developments of strategic importance for the world of labour. It creates bridges between the academic sphere, the world of research and the trade union movement in order to encourage independent research on topics of decisive relevance to the world of labour. The ETUI encourages training and learning activities. It provides the ETUC and its affiliates with programmes and exchanges that strengthen the European trade union identity.

The ETUI provides technical assistance in the field of health and safety with a view to achieving a high level of occupational health and safety protection for workers throughout Europe. In the pursuit of its missions, a scientific council composed of twenty-two members, most of them academics, has been set up to contribute to the Institute's medium-term strategy. The ETUI is a non-profit international association under Belgian law, employing a staff of some 70 persons from all over Europe. It receives financial support from the European Union.

### **3.3.6. Fellesforbundet**

Fellesforbundet, (The Norwegian United Federation of Trade Unions) with a membership of approximately 150 000, is the largest trade union in the private sector in Norway. The union organizes mainly members in the iron and metal industry, the shipbuilding industry, graphical sector, car repair workshops, aircraft repair workshops, hotel- and restaurants, the textile industry, the shoe industry, the building

trade, the building industry, the paper industry, graphical branches, fish farming, and agriculture and forestry.

The objective of Fellesforbundet is to organise employees in order to promote their wages and working conditions. Fellesforbundet also works to promote the professional, economic and social interest of its members and tries to ensure full employment.

Fellesforbundet has a broad involvement covering a wide area of social life. However, the union has given priority to attending to the interests of its members concerning wages and working conditions through negotiations with the employers and social and industrial political involvement to secure jobs and create new ones.

Political influence and power are the prerequisite for development of wages and working conditions. Fellesforbundet has political influence through cooperation in the LO, but also through direct contact with the various political parties. Fellesforbundet's main political partner has been the Norwegian Labour Party.

Fellesforbundet has a highly developed collective bargaining system as well as a shop steward system, which ensure favourable wages and working conditions and influence at the workplace. This is the most important membership benefit. In addition it offers legal aid free of charge when necessary, insurances and Fellesforbundet's own trade union journal, "Magasinet for fagorganiserte" just to mention a few.

### **What Fellesforbundet does for its members?**

Fellesforbundet's goal is to organize employees and to promote improvement of their wages and working conditions. In addition, the Union promotes the professional, financial and social interests of its members and works to ensure full employment. These important and ambitious targets form the guidelines for all work in Fellesforbundet.

Competent and well-trained union representatives make use of the collective agreements and the legal framework that is available for organized workers to provide Fellesforbundet's members with major membership benefits at their workplace. In

order to ensure that union representatives can always provide members with the best possible service, Fellesforbundet runs a comprehensive program of courses and training for union representatives and for members. Our representatives will also help to ensure that you receive the wages you are entitled to in accordance with our agreements.

The “LOfavør” scheme provides members with several good membership benefits. It provides substantial discounts and favourable offers for bank services, holidays, fuel, car rental, and much more.

For Fellesforbundet it is important that members are kept well informed of the work carried out by the union. For this reason, all members of Fellesforbundet receive a copy of Fellesforbundet’s “Magazine for union members” to their home address.

### **Legal aid**

Employees can from time to time experience problems at their workplace, whether it be a dispute concerning failure to pay wages or holiday pay, or in the worst case, unfair dismissal or occupational injury. The help that members receive from Fellesforbundet is a very important membership benefit. If required, the union representative can take on the case and take it up with the company. As a rule, cases are settled by means of local negotiations at the workplace, sometimes with the help of a representative from Fellesforbundet. If it is not possible to settle the case in this way, Fellesforbundet, following a specific appraisal of the case, will provide free legal aid so that the case can be taken to the courts.

Unfortunately, some people suffer injury at their workplace. In Norway, all employers must have occupational injury insurance for their employees. As a member of Fellesforbundet, you will receive assistance in an occupational injury case.

In cases concerning failure to pay wages, termination of employment and occupational injury, you are entitled to assistance whether there is a collective agreement at your workplace or not.

### **Insurance schemes**

As a member of Fellesforbundet one is entitled to numerous membership benefits, including three insurance policies that are included in the subscription:

Group Home/Household Contents Insurance

Leisure and Accident Insurance

Basic Life Insurance

The Group Home/Household Insurance is a full value insurance of household contents without any upper limit on total value of the contents. It should be noted that the Group Home/Household Insurance applies only to the contents of real estate properties in the Nordic countries.

The Leisure and Accident Insurance is an accident insurance that applies in your leisure time up to the age of 70 years, while Basic Life Insurance is a small life insurance policy, which is intended to be “first-aid insurance”. Table 10 gives the details of GFAs by Fellesforbundet

**Table 10: GFAs by Fellesforbundet**

Company	GUF and Trade Unions
Aker ASA	Fellesforbundet, IMF
Norske Hydro ASA	Fellesforbundet, IMF, ICEM
Norske Skog	Fellesforbundet, ICEM
Statoil	Fellesforbundet, ICEM
Veidekke	Fellesforbundet, IFBWW

Source: Author

### **3.3.7. IndustriALL Global Union**

IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors and is a new force in global solidarity taking up the fight for better working conditions and trade union rights around the world.

IndustriALL Global Union represents workers in a wide range of sectors from extraction of oil and gas, mining, generation and distribution of electric power, to manufacturing of metals and metal products, shipbuilding, automotive, aerospace, mechanical engineering, electronics, chemicals, rubber, pulp and paper, building materials, textiles, garments, leather and footwear and environmental services.

IndustriALL challenges the power of multinational companies and negotiates with them on a global level. IndustriALL fights for another model of globalization and a new economic and social model that puts people first, based on democracy and social justice.

IndustriALL strives to:

- Build stronger unions
- Organize and increase union membership
- Fight for trade union rights
- Fight against precarious work (including contract and agency labour)
- Build union power to confront global capital
- Promote industrial policy and sustainability
- Promote social justice and globalization
- Ensure equal rights and women's participation
- Create safe workplaces
- Improve democracy and inclusiveness

Founded on 19 June 2012, the new organization brings together affiliates of the former global union federations: International Metalworkers' Federation (IMF), International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) and International Textiles Garment and Leather Workers' Federation (ITGLWF).

The executives of IMF, ITGLWF and ICEM met in joint session at the ILO and confirmed the commitment that global industrial workers in all sectors must integrate into a unified GUF for greater strength. The reason behind this merger was to unite textile workers with rubber, plastics, and autoworkers in the automotive sector; mineworkers' with steel, smelting workers in basic metals; and chemical and electronic workers in high-tech and other industries.

The commitment is to build a strong and responsive GUF that will unite and organise workers across entire supply chains. It is expected that the new GUF will tackle tough social issues to reverse the global wealth imbalance including broader trade union

rights in more countries, reducing the harmful trend in society of informal and precarious labour, and it will ensure there is just transition and decent work in green industries.

It is thought that IndustriALL will promote and build democratic and self-reliant trade unions across all industrial sectors. It will assume the role of protector of workers' right and social justice against powerful multinationals. These three GUFs have already worked jointly in Thailand, Turkey, Mexico, Canada, and several other countries. They collaborated among themselves and put forwards common policies regarding climate change, economic disparity, and global finance flaws.

The secretariat of IndustriALL is headquartered in Geneva and has a President, three Vice Presidents, a General Secretary, and three Deputy General Secretaries. It also has an Executive Committee with at least 30% women's representation.

The three predecessors of IndustriALL gave a serious thought to funding issues and decided to build the new organization on solid financial footing. Regional structures are envisaged to implement the global policies of the GUF, as well as discuss and act on matters specific to the region.

### **3.3.8. International Trade Union Confederation (ITUC)**

The International Trade Union Confederation (ITUC) is the main international trade union organisation that represents the interests of the working people worldwide. The ITUC represents 175 million workers in 158 countries and it has 308 national affiliates. ITUC was founded at the Inaugural Congress in Vienna, Austria between 1 to 3 November 2006. Former affiliates of the International Confederation of Free Trade Unions and the World Confederation of Labour (WCL) grouped together to form ITUC. The other trade union organisations that previously had no global affiliation have also joined ITUC. Since then the ICFTU and WCL dissolved them to form the new entity, ITUC.

The ITUC's primary mission is the promotion and defence of workers' rights and interests, through international cooperation between trade unions, global campaigning and advocacy within the major global institutions. The Programme Document adopted

at the ITUC founding Congress sets out the Confederation's overall policy framework, which builds on existing ICFTU and WCL policies. Its main areas of activity include: □trade union and human rights, □economy, society and the workplace, equality & non-discrimination, and international solidarity.

The ITUC adheres to the principles of trade union democracy and independence, as set out in its Constitution. It is governed by four-yearly world congresses, a General Council and an Executive Bureau. The chief executive of the ITUC is its General Secretary Guy Ryder, supported by Deputy General Secretaries Mamounata Cisse and Jaap Wienen.

The ITUC regional organizations are the Asia-Pacific Regional Organization (ITUC-AP), the African Regional Organization (ITUC-AF) and the American Regional Organization (TUCA). The ITUC also cooperates closely with the European Trade Union Confederation (ETUC), including through the Pan-European Regional Council, which was created on March 2007. The ITUC has close relations with the Global Union Federations and the Trade Union Advisory Committee to the OECD (TUAC), working together through the Global Unions Council.

The ITUC works closely with the International Labour Organisation. It maintains contacts with several other UN Specialised Agencies. Along with its Regional Organisations and their sub-offices, the ITUC has offices in Amman, Geneva, Moscow, New York, Sarajevo, Vilnius and Washington DC.

### **Economic and Social Policy, Globalisation and Global Governance**

A globalised world economy requires effective global governance. The ITUC seeks to increase intergovernmental cooperation to ensure that the social dimension of globalisation, including decent work and fundamental workers' rights, is right at the centre of decision-making at world's major global and regional institutions. This includes the World Bank, International Monetary Fund, World Trade Organisation, United Nations and its specialised agencies, especially the International Labour Organisation (ILO) with its tripartite structure and mandate to set international social standards.



The ITUC also works with its Global Unions partners to promote effective rules governing the behaviour of private business. We seek to achieve international frameworks for social dialogue and collective bargaining, and systems of corporate governance that hold management accountable for the social impact of business activities. This requires a combination of campaigning and mobilisation with advocacy and lobbying so that the policies of these institutions and companies support, rather than undermine, the achievement of decent work for all.

A major focus of ITUC work is to ensure full and universal respect for the Fundamental Workers' Rights of the ILO, which guarantee the right to organise in a trade union, the right to collective bargaining, protection from discrimination, and the elimination of child labour and forced labour.

### **3.3.9. Prospect – The Union**

Prospect is a trade union with members from across the public and private sector from a range of professional grades and levels. Prospect wanted to develop a model CSR (corporate social responsibility) trade union policy which incorporated the Millennium Development Goals (MDGs) and trade union values of international core labour standards/ trade union principles of decent and fair work. Prospect also wanted to develop an 'audit trail' or CSR checklist that could be used by union representatives to know what to look for in their workplace policies.

Prospect is an independent, thriving and forward-looking trade union with more than 102,000 members in the public and private sectors. Prospect members are engineers, scientists, managers and specialists in areas as diverse as agriculture, defence, energy, environment, heritage, shipbuilding and transport. It is the largest union in the UK representing professional engineers.

Prospect advises, defends and supports members if they have a problem at work. It also helps members to:

- Negotiate pay and conditions
- Campaign for jobs and standards
- Offer valuable benefits and services
- Influence employers and government

Prospect negotiates with more than 300 employers, not just on pay and conditions but on a range of issues that affect members' working lives: career development, contracts of employment, hours, leave, maternity, pensions, performance pay, promotion procedures, privatisation and company takeovers.

Prospect also has an experienced campaigning body. Prospect is non-party political agent that helps it to campaign freely on issues that matter to its members. Since it has professionals as its members, its members' expertise makes its voice count. On broad issues like energy policy and the quality of public services it brings members' views to the notice of key decision-makers such as:

- Government ministers and MPs
- Consumer bodies
- Employers
- Industry and professional bodies, and
- The public at large

It has the resources to be effective:

- a) Over £12m a year in income, drawn from more than 100,000 members across hundreds of companies and public bodies
- b) Offices in seven regions across the country and a headquarters in London
- c) More than 30 full-time professional negotiators
- d) Specialist research, pensions, legal, education, communication and organisation departments
- e) A network of 2,700 safety and workplace representatives
- f) A skills training programmes for representative

Prospect has produced a useful Negotiator's Guide to Corporate Social Responsibility (CSR). This step-by-step guide shows how to engage with CSR in the workplace and demonstrates:

How the Millennium Development Goals can help deliver organisational CSR policies.

That organisation play a role, through their overseas operations and supply chains, in

alleviating poverty by providing safe, decent and humane work.

How organisational humanitarian/charitable activities can contribute to the Millennium Development Goals.

How trade union members, as stakeholders, can participate in the CSR process.

### **3.3.10. The Central Confederation of Salaried Employees (STTK)**

Founded in 1946, STTK is one of three employee confederations in Finland. Other confederations are SAK for blue-collar workers and AKAVA for academic employees. STTK has 1 600 000 members in 20 affiliated unions. Membership consists of all sectors, (public, private industry, private service). Approximately, 70 per cent of members are women. Typical member groups are nurses and practical nurses, technical engineers, police officers, secretaries, and bank employees.

STTK present form was established in 1993, when the then STTK joined twenty new trade union. New member unions moved to another employee organization, the official and official organizations, the Federation of TVK to, which was declared bankrupt in 1992. At the same time Finland technical officials' organizations name was changed to the Central Confederation of Salaried Employees, respectively. Old STTK was founded in 1946. Abbreviation STTK is therefore withdrawn from that previous organization and no longer a Confederation of Salaried Employees.

In this transformation, the STTK structure changed dramatically. Traditional male-dominated technical fields in addition to the union federation were strongly female-dominated unions and the public sector, local authorities and the state. Current STTK has grown as a combination of all of these.

STTK's main goals could be classified in three categories: decent salaries, job satisfaction and time for leisure activities. The Finnish labour market system is based on widespread organisation of employees and employers and a strong tradition of bargaining and co-operation. STTK negotiates framework agreements at the national level.

### **STTK as part of the International Trade Union Movement**

Co-operation and networking have become more and more important in an integrated Europe and globalized world. Trade unions work across the borders both at union and confederation level.

STTK is a member in the following International Organizations:

Council of Nordic Trade Unions (NFS), Baltic Sea Trade Union Network (BASTUN), European Trade Union Confederation ETUC, Council of European Professional and Managerial Staff (EUROCADRES), Pan-European Regional Council (PERC), Trade Union Advisory Committee to the OECD (TUAC) and International Trade Union Confederation (ITUC).

### **3.3.11. UNITE – The Union**

Unite - the Union (formerly AMICUS) is the other case that was analysed for the present study. Unite is the largest union in the United Kingdom, with over two million members in the public and private sectors. The history of the union movement has been punctuated by mergers in which smaller and more specialized unions come together to combine their resources and increase their bargaining power. In 2001 the Amalgamated Engineering & Electrical Union (AEEU) and the Manufacturing Science Finance Union (MSF) decided to merge.

The Executive Councils of the AEEU and MSF agreed unanimously that the name for the new union should be AMICUS. The name derives from the Latin word meaning friend, supporter, wise councilor and partner. The new union with a membership of more than one million was launched on January 1st 2002. Amicus with members in both the private and public sectors became the largest manufacturing, technical and skilled persons union in the UK. The merger between the AEEU and MSF created Amicus, which was followed by mergers with Unifi and The Graphical, Paper & Media Union (GPMU). GPMU merged with Amicus in October 2004. GPMU was formed in 1991 when the National Graphical Association (NGA) and the Society of Graphical and Allied Trades (SOGAT'82) joined forces. In 2007, Amicus merged with the Transport and General Workers Union to form Unite the Union. Unite the Union claims to protect the workers' rights, health, safety and wellbeing at work.

Unite the Union negotiates on workers' behalf with employers and the UK and European Governments to get them a fair deal at work.

It offers representation and advice at work. Workers face work problems that they need to resolve, or have a grievance to bring against the employer. UNITE Shop stewards; Unite Full Time Officers and legal team are at workers' disposal to give them the support and advice that one needs. Unite members have legal protection for cases such as unfair dismissal, insolvency, discrimination and harassment. Unite takes up legal case at no cost to workers, and if it wins, worker will receive the full amount of the claim and Unite takes no percentage. Unite also trains health and safety representatives at the place of work who monitors the conditions daily.

### **3.3.12. The University College Union (UCU)**

The University and College Union (UCU) represents more than 120,000 academics, lecturers, trainers, instructors, researchers, managers, administrators, computer staff, librarians and postgraduates in universities, colleges, prisons, adult education and training organisations across the UK.

UCU is the largest post-school union in the world and is a force working for educators and education that employers and the government cannot ignore. It was formed on 1 June 2006 by the amalgamation of two strong partners - the Association of University Teachers (AUT) and NATFHE-the University & College Lecturers' Union - who shared a long history of defending and advancing educators' employment and professional interests.

In 1904, 200 technical teachers formed the London-based Association of Teachers in Technical Institutes (ATTI). It spread outside London and opened large branches in West Yorkshire, East and West Lancashire. After five years, a group of lecturers at Liverpool University formed an association, which, having built links with staff from other universities, formed the core of the Association of University Lecturers, formally established at a conference of delegates from 15 institutions in 1917. This became the Association of University Teachers in 1919, when its membership was broadened to include professors. ATTI developed relations with other organisations;

for example, by 1940 it had agreed a joint membership agreement with the National Union of Teachers.

Till the mid-1950s, AUT remained a relatively informal organisation. Oxford and Cambridge Universities joined in the 1930s, and the equivalent Scottish body - known as the Association of University Teachers (Scotland), set up in 1922 - joined in 1949. In 1955, the AUT achieved an important and long fought for victory by winning recognition as having a role in formal salary negotiation procedures. Shortly after, in 1959, the union appointed its first general secretary.

Education provision expanded in the post-war period and so did both AUT's and ATTI's memberships. Both grew from around 2,000 members in 1939 to 4,500 in 1951. The steady growth continued, and in 1972 ATTI was the fastest growing union in Britain, with around 40,000 members working throughout further education and the polytechnics. This included members in Northern Ireland, where the Northern Union of Technical Teachers in Ireland had come into ATTI in 1970.

There was another surge of membership when ATTI merged with Association of Teachers in Colleges and Departments of Education (ATCDE) and amalgamated with Training College Association and the Council of Principals and formed the National Association for Teachers in Further and Higher Education (NATFHE), which came into being on 1 January 1976. AUT and NATFHE merged by an overwhelming majority of the members from both the unions to form University College Union (UCU), with a combined membership of around 120,000.

### **3.4. Data Interpretation**

There is an erosion of trade union power at the global level in general and in Europe in particular. There is a vacuum of regulation at the national level and there is no adequate international governance mechanism available at the global level. Businesses have tried to fill this vacuum by engaging in CSR. Trade unions are apprehensive of CSR due to its voluntary nature; Greenwashing, questionable nature of CSR tools including audits, awards, an attempt to replace binding rules and some

see CSR as a threat as there is evidence that adoption of CSR as an alternative to binding regulations has hampered trade union power.

Simultaneously, to increase their say in dealing with the businesses, trade union want to use the opportunities offered by CSR to gain maximum benefits out of it. Trade unions see similarities in company CSR agenda with trade union agenda. There are trade unions that are progressing CSR agenda. To couple their efforts at the national level, trade unions are trying to develop some supranational regulatory institutions and development of IFAs is an evidence of that. In the following sections, an attempt has been made to provide evidence from the data collected for this study to interpret trade union responses in the light of propositions developed in this study.

### **3. 4.1. “CSR is a Product of Voluntary Regulation by Corporations”.**

The present study is an attempt to understand the motivations for trade unions to engage with businesses using CSR initiatives that businesses have devised to express their socially responsible behaviour. In this regard, the data was collected to understand as to why trade unions are compelled to get involved in CSR efforts by businesses even if they are apprehensive of motivations of companies to embark upon CSR path.

As mentioned in Section 1.8.2, trade unionism is on decline internationally in general and in Europe in particular. Trade union membership and density statistics from many European countries express a gradual decline in trade union density from 32.6 percent in 1995 to 26.4 percent in 2001.

For example, various policies followed by the British state, treading the path of neoliberal philosophy broke the back of trade unions in the United Kingdom. Deregulation, and exposure of British industry to international competition, decline of manufacturing and basic industries, growth of service occupations, shrinking public sector were some of the factors that militated against trade unions in the UK.

Several factors, including increased international competition via globalization, shift of employment in service sector, decrease in government employment fuelled by

policies of privatization, much higher (long-term) unemployment rates (especially in Europe), the intense use of flexible employment contracts, and use of tight monetary policies are responsible for this decline. All these factors have eroded union power and strength in Europe.

This decline in trade union power has made the power relationship between trade unions and employers asymmetrical. Free from internal restraint, employers have much more controls over the workplace issues.

According to the first proposition developed earlier in the text, “CSR is a product of voluntary regulation by companies”. This proposition is informed based on the ‘Third Wayism’ and the ‘New Labour’ thinking, by way of which the bitter outcomes of neoliberal policy are tried to be sugar coated. Mazurkeiwicz (n.d) argues that an earlier emphasis on strict governmental regulations has ceded ground to corporate self-regulation and voluntary initiatives. The private sector generally prefers the flexibility of self-designed voluntary standards (UNCTAD, 1999). Doane (2005) has identified four key drivers for a company to adopt a CSR programme. One of these four key drivers is the avoidance of regulation, others being managing risk and reputation, protecting human capital assets, and responding to consumer demands. Doane (2005) is also of the view that it is myth that adoption of voluntary codes change corporate behaviour. She goes on further to say that voluntary codes rely entirely on business to uphold them, making them effectively police, judge and jury.

Regulation by state serves as a check on competing interests and protects the most vulnerable from the worst vagaries of unfettered human action in times of market failures (Doane, 2004). As opposed to that, businesses despise public regulation and in their common parlance refer government regulation as ‘Red Tape’. Businesses blame red tape to cost business and society and they generally exaggerate these costs and offer a solution of company self-regulation. Table 11 gives realities of these corporate claims about cost of ‘Red Tape’ in a sample of environmental and employment regulation measures.

**Table 11: Red Tape Realities**



Regulation	Prediction	Reality
National Minimum Wage	Would result in over one million job losses within two years	Unemployment fell by 200,000
EEC introduction of Catalytic Convertors	The cost of the technology would be £400-£600 per vehicle, with a fuel consumption penalty on top	Real costs of around £30-£50 per convertor; technological innovation led to smaller cars
US Clean Air Act	Would cost the US\$51 to \$91 billion per year and result in anywhere from 20,000 to 4 million job losses	Yearly, cost £22 billion to business, but employment in areas affected up by 22 percent; the benefits arising are between £120 to £193 billion
Montreal Protocol	Opposed by industry on economic cost ground, but no projected figures	No impact, substitute technologies may have saved costs, according to follow up studies

Source: TUC and International Chemical Secretariat.

CSR is overwhelmingly compatible with the neoliberal model due to its American origin. CSR promotes corporate self-regulation and civil co-regulation over traditional government regulation (Newell 2000; Vogel 2005). Gjølborg (2010) notes that CSR assigns significant discretionary powers to business in questions related to society and the environment. Furthermore, potential of CSR in providing solutions to social and environmental challenges, is seen as downplaying issues of corporate accountability and regulatory approaches to corporate irresponsibility (Utting 2000; Clapp & Utting 2008; Hanlon 2008).

As mentioned in section 1.8.2, neoliberal policies adopted by various governments in Europe have given way to deregulation, not only of financial market, but labour market as well. Withdrawal of state from regulation of multinational corporations has created a vacuum. Businesses have resorted to fill this vacuum by self-regulation in the form of CSR emerging as a concept or an alternative. Trade unions are no more favourites of governments, and alternatively look for other options. European trade

unions are experiencing deficit of legitimacy and some of the trade unions across Europe are trying to use CSR as an opportunity to regain some leverage at the workplace.

Our interviews and the other pieces of data reveal this concern running in common in the trade union circles where CSR is seen as being an alternative to public regulation. The interview data reveals that trade unions see the current situation of regulation of business as a response by businesses to come up with CSR tools to avoid already meagre regulation. Some of the respondents fully agree with the vacuum argument that deregulation of businesses has been caused by neoliberal policies adopted by governments. Following responses are in agreement with the argument.

While responding to a question by author whether there is a regulatory vacuum, MH is reminiscent of the past policies adopted by the then political leadership of United States and United Kingdom that crippled organised labour in these countries. He has also mentioned the mimetic nature of these policies elsewhere in the world. He holds the policy of deregulation responsible for the loss of trade union power during the 1980s and is of the view that the legacy continues with renewed fervour.

[MH11: This is of course the worst that would happen. Margaret Thatcher and Ronald Reagan in 1980s started to deregulate the labour market and others followed. It was a biggest threat in a way and this has an adverse effect on trade union power. All these measures of deregulation impact upon dismissal rights or representation rights at the workplace level. This really had a big negative influence on labour.]

MS is also in agreement with the author and blames the state to side with the businesses by bringing regulation that favours employers more than workers. He mentions the experience of Spain where the balance of new labour reforms is tilted in favour of businesses.

[MS11.1: There is ... yes. There is a new way of regulating. I would say for example in Spain, with the change of government, there was new labour reform, which was terrible, I would say, for the workers.]

[MS11.2: Because the new implementation of the law has created a new aa aa a new phase of destruction of ... of workforce in the ... in the companies. The

destruction of employment in this year in 2012 was worse than the other years before. Another regulation promoted by the European Union ... aa just liberalising the role of business na. I agree with you on that point.]

MS raises another important issue about the implementation of regulation. It is generally thought that in some developing countries, the problem is not the lack of legislation, rather it is the implementation and there is a laxity on the part of state to implement available laws. But he provides example from Spain and United States that this phenomenon is specific to few developing countries, rather it is happening in world's most developed country from North American and a modern European state like Spain.

[MS11.3: In terms of corporate social responsibility, there was what ... a few measures, a few regulations also in Spain. It was regulated, but it was not implemented na. And I think that also happen in other countries. For example with Dodd-Frank Act in the United States where gap between the salary of the CEO and the menial worker. It should have been implemented two years ago but its still not implemented.]

RJ has expressed similar concern raised by MS. He has advocated more regulation as it provides the parties involved in industrial relations with statutory provisions, and has expressed his anxiety which future holds in store for organised labour in the longer term.

[RJ11: I think it fits the pattern. In other words, the more the regulation you have the more space there is for contractual arrangements. And if those contractual arrangements become voluntary, and not backed up by legislation, which provides a fall-back position and some guarantees, some minimum standards, then indeed, I think, in the long run it can really be dangerous.]

DJ was not comfortable with the term used by author i.e., vacuum of regulation but in the essence he has pointed out the same problem in a different way. He is of the view that it more of failure on the part of the state not been able to come up with new legislation. His demand for new legislation is based on the fact that the world of today is much more different than a decade ago and the changing nature of business nowadays calls for modern tools by the state in form of new legislation to deal with the pristine realities of business.

[DJ11.1: I would not express it that way (vacuum of governance) but I will say it is the inadequate governance. I don't think everything necessarily withdrawal (of state from regulation of business). The situation has different dimensions. There are some situations where governments have withdrawn in the sense that it has liberalised regulation. But there is other element where it has just failed to develop governance systems. It has not been able to develop appropriate level of governance. So it's not just withdrawing from things, it's also failing to develop new ones in the face of new realities.]

DJ goes on to express his concern and gives an example of the institution of collective bargaining that exists at the private level and even then is an effective mechanism to protect workers' rights. He observes deterioration in such institutions and rightly emphasises the need to strengthen these institutions for the welfare of workers.

[DJ11.2: Like I said earlier about collective bargaining, there are certain institutions in the society that are important governance institutions. But they are not government itself. That needs to be strengthened and developed. In different countries and cultures, there are governance systems that do not involve the government necessarily that have been adversely affected by globalization. These are no longer performing their work. Well there is a sort of a vacuum and you need to say, 'well look, how we are going to decide things now.]

DJ has supported proposition 1 where the author has proposed that CSR is a product of voluntary regulation by companies. Voluntary regulation, it is argued by the author, has been caused by withdrawal of state regulation of business. Companies are trying to fill this vacuum through their voluntary CSR engagement.

[DJ11.3: CSR, I think is a response to the governance crisis, more than a cause of a governance crisis.]

[TG11: It is the role and responsibility of trade unions to pressure not only the governments around the world but also the international organizations like the ILO and to come together and make sure that the governments don't dump and sell out the workers in their countries and internationally.]

TG also seems to agree with the proposition, but expresses his concern very cautiously and does not resort to en bloc rejection of corporate effort to weaken legislation and regulation. He has expressed his confidence on the power and conviction of trade union movement to restrain the powerful corporate lobby. His

confidence is based on his the strength that IndustriALL drawn upon from its affiliates around the globe.

[TG12: I think that is probably a goal of certain organizations and businesses, but we won't let them. It is our job to ensure that fundamental rights and freedom of workers in every corner of the world are available for them to exercise.]

In the next two statements, DJ expresses his concern about the nature of CSR by way of which companies express their disguised desire to deflect regulation. DJ's statements again lend support to the arguments put forward for the present study that CSR is an attempt by business to provide an alternative to state regulation. Companies, it is argued by the author, resort to self-regulation in the form of various ways such as voluntary codes of conduct, awards and other public relations exercises.

[DJ12.1: When you have CSR initiatives that in a fact are attempts to substitute for the government or substitute for the union, they are not good.]

[DJ14: CSR can be seen as a form of company self-regulation. It's not a very good form and doesn't seem to work very much. Companies, I think, recognize that CSR is a way of trying to avoid regulation to a certain extent and you have proliferation of codes, awards and certification schemes that are all some form of private self-regulation.]

TG reiterates his confidence in the organised labour to put breaks to business intention of substituting regulation. He is optimistic about the future of industrial relations system to deliver goods for workers and companies alike. He is of the opinion that satisfied workers contribute positively towards wealth creation.

[TG14: Again, it is our job to ensure that does not happen. Mature systems of industrial relations can be reached and bring benefits to both workers and to companies and to find that economic benefits of companies are increased when you have safe work places and happy, educated and healthy workforce.]

Through these responses, the respondents have expressed their concerns regarding the lack of regulation of businesses by public authorities. Within respondents, there are some who, based on their country specific experience, disagree with the argument. For example, respondents from Norway and Finland see no evidence of withdrawal of state regulation, yet they too agree that wherever there is a lack of regulation, there is

a tendency in the business community to resort to self-regulation leading to greenwashing. These views are held by AH and JK which are expressed in following two comments.

[AH11: First of all, I will have to say that that is not the case in Norway. Three years ago, the Norwegian government came up with a White Paper on CSR, which is the first and so far the only one in the world of its kind. So I don't think that the state regulation in Norway has reduced or withdrawn. But obviously, I don't think that CSR is a thing to be left alone to the companies. If there is no regulation at all, then they can fall back to making CSR a public relations exercise.]

[JK11: That all depends on the country. Well this is not the case in Finland. When we talk about CSR, it has lots of connotations like the welfare of employees and working time.]

Published documents from several trade unions also express the same concern about the nature of CSR and the intention of the companies. Following are some of the evidences from our document analysis.

“The German trade unions champion robust, legally enshrined, protective rules at the workplace, for free collective bargaining and for consultation of the workforce to secure workers’ rights and decent working conditions. Voluntary CSR schemes can by all means complement national, European and international legal provisions and collective bargaining agreements, but they can never become a substitute for these. Furthermore they should not hinder the development encoded in law or agreed in collective bargaining. CSR cannot be just the proverbial good tree that hides a forest of bad practices. It is not enough to ‘invite’ companies to act responsibly; more concrete/binding measures are needed.” (*DGB 10 Point Paper on CSR*)

ETUC’s cautious approach to get involved in CSR initiatives by companies is reflected in the following statement.

“Trade unions are justifiably cautious about getting involved in CSR initiatives, as certain interpretations of CSR could be seen as efforts to challenge the established forms of industrial relations and labour legislation. The ETUC believes that CSR should complement, but in no way replace, legislation on social and environmental rights or standards set by collective

bargaining. No company failing to comply with agreements or legislation can be defined as socially responsible.” *John Monks, ETUC General Secretary.*<sup>6</sup>

Similarly, ITUC is also apprehensive of the fact that CSR might substitute government regulation:

“The ITUC insists on the fact that CSR must not substitute government action and that promoting CSR is not an adequate response to flaws in national and international governance. CSR policies should, furthermore, ensure greater involvement of the workers, who are often not consulted or even informed about these practices within their companies, even when they directly concern them. CSR policies need, therefore, to be conceived in alignment with promoting social dialogue in the medium term.” (*ITUC Private Sector Briefing Paper*)<sup>7</sup>

The interest in CSR is in some way related to problems of governance, either a failure to establish the right kind of governance institutions to relate to a global economy, or the failure of nationals to have the right kind of governance institutions.” (*Key points of the LARRGE Panel Discussion: ITUC point of view*)<sup>8</sup>

BWI, while maintaining its involvement in the debate over whether such voluntary agreements are a step in the right direction, or whether they serve to weaken pressure for enforceable rules, is of the view that the state has the main responsibility for steering company behaviour, through its framework and process policy.<sup>9</sup> Similarly, Comisiones Obreras discussed the need for having transparent rules and regulations for voluntary initiatives in these words:

“We shall promote the drafting of transparent rules and regulations for voluntary initiatives (indicators, evaluations, codes of conduct, labels) with the involvement of all social and economic partners affected.”<sup>10</sup>

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<sup>6</sup> <http://www.etuc.org/a/453>

<sup>7</sup> [http://www.ituc-csi.org/IMG/pdf/Private\\_Sector\\_briefing\\_paper.pdf](http://www.ituc-csi.org/IMG/pdf/Private_Sector_briefing_paper.pdf)

<sup>8</sup> LARRGE final Conference, June 1, 2010, Diamant Conference Centre, Brussels

<sup>9</sup> Interaction between governmental social regulation and voluntary agreements with companies, Nov. 10, 2005.

<sup>10</sup> Comisiones Obreras 8<sup>th</sup> Confederal Congress, Madrid from 21<sup>st</sup> to 24<sup>th</sup> April 2004 <http://www3.ccoo.es/pdfs/PonenciaING.pdf>

The British Deputy Prime Minister told a business conference on 25 October 2011:

“There will be a major shake-up of business inspection - going through the regulators, asking ‘are they still necessary?’; ‘Should they still exist?’; making sure that, yes, they intervene when necessary, they offer advice and support, but otherwise they let you get on with it.” He went on to say, “Enforcement agencies will have to make sure they aren’t breathing down your necks. Why, for example, should regulators be able to turn up at your door whenever they want and as often as they want? Why can’t we limit the number of inspections to, say, two a year, ensuring these bodies coordinate amongst themselves to stick within that limit?”

This is the mindset that is behind the privatisation of regulation and this has been condemned by the trade unions in the UK. The above statement confirms the apprehensions of the trade unionists that governments are shedding their responsibilities and entrusting regulation with the businesses on ‘do-it-yourself’ style. This intention of the British government could be seen as a compulsion of the government that is facing a very heavy domestic debt and the economic managers are suggesting spending cut in the economy.

The reduction in health and safety rules is claimed to be based on Löfstedt Report commissioned by the government. Löfstedt Report mentions that workplace safety laws are ‘broadly right’ and further says, “There is no case for radically altering health and safety legislation”. Moreover, three US studies show that businesses as well as workers and communities benefit when workers are properly regulated and those regulations are properly enforced (Hazards Magazine, 116, 2011)

#### **3.4.1.1. Voluntary Approach to CSR**

There is a lot of debate about the voluntary nature of CSR. Businesses insist upon the voluntary nature of CSR that provides them maximum flexibility in its application. If CSR is accepted on voluntary basis, it gives more discretion to businesses to play



around the concept. On the other hand, trade unions see voluntary CSR as problematic. It provides businesses with an opportunity to 'Green wash'.

There are two diverging viewpoints with regards regulation of CSR. One viewpoint is for regulation and sees it as an effective way in implementing CSR. This viewpoint advocates government intervention to prevent CSR from becoming pure corporate propaganda or a pointless marketing tool.

According to this thinking, the government has the role to support the CSR culture among enterprises. It requires a CSR Law that defines concepts, normalize actions, standardise conducts, put in order audit systems, establish triple bottom line obligations for corporations present in the financial markets, favour ethical investment funds and stimulate public buying and hiring with those companies that can be classified as socially responsible.

The other viewpoint is in favour of voluntary nature of CSR and fears that regulation might hinder the promotion of CSR. Nieto (2005) looking at the debate about regulating CSR at the European level is of the view that regulating CSR would mean costs for individual companies and deadweight loss for the Whole European Economy.

The European Commission, during the process of consultations on its Green Paper on Corporate Social Responsibility, takes this unregulated view of CSR. This view instead of regulating, promotes the concept of CSR at the enterprise level. It says:

*“In principle, adopting CSR is clearly a matter for enterprises themselves, which is dynamically shaped in interaction between them and their stakeholders. Nevertheless, as there is evidence suggesting that CSR creates value for society by contributing to a more sustainable development, there is a role for public authorities in promoting socially and environmentally responsible practices by enterprises”. (Corporate Social Responsibility: A Business Contribution to Sustainable Development, p. 10)*

In the interview data, we have found overwhelming support to this apprehension. Following excerpts from the interview data express concerns of trade unions about the voluntary nature of CSR.

[DJ9.1: So the companies can voluntarily do something and they do whatever they choose to do. So then it becomes optional. They "don't have to do it". Then it becomes voluntary, and (then) it is all optional. Then it is not responsibility at all. It has nothing to do with responsibility.]

SK: Is it pick and choose then?

[DJ9.2: Well, its pick and choose, it is, you know, "icing on the cake".]

[DJ9.3: One of your questions is that whether the voluntary nature of CSR is problematic. Although, we have already discussed, but the issue is if CSR is voluntary, then it takes the question of responsibility out of the issue because businesses say well, it is voluntary, therefore it is optional.]

[DJ9.4: So there is a difference between voluntary, binding, non-binding, optional, applicable, you know. I think the issue gets back to the whole question of how do you regulate CSR.]

DJ is very clear about the implicit intention of businesses when they insist upon the voluntary nature of CSR. Voluntary nature of CSR gives more flexibility to the companies. Companies do whatever they want to and at the same time expect societal goodwill. Instead of that if there is something binding, trade unions or any other person from the public can take them to the court and demand compliance. So in the absence of any such legislation, companies use their free will to shape their CSR agendas.

[TG9: It can be (problematic), again it needs to be a CSR department and the company has to be held to account and pressured.]

[AH9: On a global scale, yes, it is problematic.]

[EC9: Yes, because organisations can use CSR on an ad hoc basis picking and choosing issues they believe are relevant and that will provide positive PR for the company and omitting others, which may be more problematic from a 'negative' media perspective. AMICUS and its predecessor unions called for it to be mandatory.]

EC has reiterated the point earlier made by DJ that voluntary nature of CSR is misused by companies to cherry-pick the issues and not address the issues that they don't like. Kinderman (2012) quotes Janet Williamson of TUC on the voluntary nature of CSR in these words: "One of the dangers of CSR is in the sphere of what's voluntary. CSR tends to promote a pick-and-choose agenda".

[MM9.1: Voluntary rules can complement public rules, but never replace them.]

[MM9.2: Voluntary CSR commitments must not amount to corporate cosmetics. The competitive advantage among critical consumers should only benefit companies who demonstrate their social and environmental responsibility.]

[MH9.1: We are much more in favour of clear regulations to motivate companies. We are not really interested in voluntary agreements, concepts and one-sided codes of conduct. This is just a better public relations exercise.]

[MH9.2: As I have already mentioned, we would like to have legally binding conventions for MNC. Even there are MNC guidelines under UNCTAD, but those are not sufficient. Neither ILO is doing optimum level of effort and is far behind from what we expect from it.]

[MS9: Voluntary? Well, we think it is something more in between because its more voluntary vs. compulsory, corporate social responsibility how it all begun. That is something more than voluntary. It is more collaboration. (At present) it is something that is unilateral and also voluntary na.]

[JK9: If it undermines the democratic process, if the things are decided unilaterally and if it undermines legislation, then of course it is problematic.]

A majority of the respondents (8/11) have expressed their concern over the voluntary nature of CSR and have recommended clearly legally binding alternatives. The voluntary nature of CSR is also not acceptable to ETUC. In a resolution in 2004, ETUC insisted that Corporate Social Responsibility could not be an alternative to necessary regulation, social dialogue, or agreement with democratically elected workers' representatives. ETUC emphasised that it was indispensable and fundamental that CSR was to be governed by guidelines set at European level.<sup>11</sup>

Based on the apprehensions, ETUC reiterated the following demands:

A commitment by firms to submit an annual company report on the social and environmental impact of their activities;

The promotion of standards covering all aspects of corporate governance (certification of end products, transparency and quality throughout the production chain including product traceability, subcontracting, supply and relocations);

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<sup>11</sup> <http://www.etuc.org/a/2190>

Criteria governing access to the use of Community funds, thus assisting in making a positive selection;

The drafting of codes of conduct and/or labels or similar measures, within the framework of procedures and checks laid down by the Commission, in conjunction with the trade unions and NGOs;

The establishment of instruments and/or certification agencies that correspond to verified criteria, so as to determine their legitimacy and representativeness.

DGB also resents the voluntary nature of CSR. In 10 Points Paper CSR: Binding Rules for one and all, DGB airs its concern about voluntary CSR initiatives:

*The German model of Mitbestimmung already involves workforce and trade union decision-makers in the formulation of corporate strategy without the aid of CSR. The credibility of a company's national or international CSR strategy is fundamentally linked to the way social partnership is implemented within the company. The trade unions affiliated to the DGB observe that a credible CSR strategy can only be communicated to the outside world in an environment where the structures of work and participation are worker-friendly.*

DGB has again in another document explaining CSR, has reiterated the primacy of state regulation over the voluntary regulation by companies in these words:

*"The primacy of politics and ultimately the sovereignty of all States is at stake. The global economy therefore needs globally applicable rules that halt the lowering of social and environmental standards on the basis of universally applicable halt principles."*<sup>12</sup>

In the same document, DGB further expresses the concern about the lack of any binding governance mechanism at the global level advocates to use the available mechanism at the global level.

*"As long as no internationally binding framework for regulating the operation of companies exist in the world markets, trade unions, governments and*

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<sup>12</sup> Was ist Corporate Social Responsibility? <http://www.dgb.de/themen/++co++31590e62-2b00-11df-6376-001ec9b03e44/>

*employers' organizations are dependent on the functioning of existing standards and initiatives for entrepreneurship. These include the Tripartite Declaration of Principles on Multinational Enterprises and Social Policy of the International Labour Organization (ILO), the Global Compact of the United Nations and the Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development (OECD)."*

### **3.4.1.2. Greenwashing**

There are several terms used for the CSR activities that are not very genuine and are done on ad hoc basis to gain cheap popularity or an attempt to save face of an organisation and 'Greenwashing' is one of such terms. Again, a majority of the respondents are critical of such activities by companies. They have given several names to this behaviour by companies. Some of the responses contain an element of sarcasm about such company behaviour. Following are the excerpts from the interviews.

DJ in all his comments related to greenwashing, staunchly criticises the efforts by companies to use CSR as a ploy for self-praise, business case and co-option of NGOs by companies. He points out non-serious nature of corporate commitment to CSR.

[DJ8.1: And when they have these CSR meetings, they all (sort of) show and share what good things companies did. They say, "look! my company did these nice things". That's not quite what people mean.]

[DJ8.2: Companies do these things and then they want a lot of praise for these unilateral things. Really, it is not supposed to be about philanthropy and one off things and taking into account society.]

DJ8.3: No, it isn't merely a method (of improving corporate image). First of all, it is worth saying that it is a complex issue. It gets to this so called 'business case'.

[DJ8.4: I will be very frank, they give NGOs money and the NGOs tell them what they want to hear. And then they say, "we have engaged our stakeholders, and this is a part of what goes on in CSR.]

In a similar tone, TG expresses his experience of ad hoc nature of CSR activities by companies, which might not be sustainable. Based on the experience of IndustriALL

from their engagement through their affiliates around the world, he criticises the dichotomous nature of behaviour exhibited by companies in their parent countries and a totally different behaviour in the host countries. Although, he mentions business intention to use CSR as a public relations exercise, he does not fail to mention the best examples by some of the companies that engage in true CSR activities.

[TG8.1: So it is one thing to build a school just for the sake of it and then to put it on the company's website and to say in their publication and to say that look! we are good in the world because we have built a school (sarcastically). There may be that they may not have a long-term commitment to provide the teachers – the long-term investment, the genuine commitment you know, to be position in the correct place etc etc. So they might lack genuine commitment.]

[TG8.2: Whereas we see even it can go even more to the extreme in the direction of negative impact, in for example United States where you have CSR departments advertising for experts on union busting and to block organizing drive by unions. We ... we actually face that even sometimes within companies that we have GFA with. GFA has been successful to bring that complaint from our affiliates in North America to the managements often in Europe where they have strong union power in home country of the multinational, for example, in Germany or Scandinavia to ... to the worse as the strategy of the management at the local level in North America and elsewhere in the world. So the term is Greenwashing.]

[TG8.3: The other aspect of CSR would be the greenwashing, purchasing of good reputation and it can go all the way across the spectrum to the good examples sometimes it could be an example in France and Germany.]

[TG8.5: It (CSR) can be (merely a method of improving corporate image) but it is our job to make sure that it is not just the case.]

AH, EC and MM, MS and RJ hold more or less similar views about the nature of CSR. According to them, CSR is a tool to build and improve company image. EC goes a step further to see CSR as an attempt by companies to seek licence to operate from the society at large.

[AH8: And often, it was not real CSR idea from business. It was mostly an idea to get a stamp by public that we are a responsible company. In the essence in this later sense, such activities were mere PR exercise.]

[EC8: It is the PR department, which often has the remit for CSR within an organisation. It would therefore be easy to assume that PR and public profile is one of the key drivers of CSR for an organisation.]

[MM8: There is the possibility that CSR schemes have only been designed for PR purposes and lack any discerning substance. The risks lie in particular in the potential ability of management to use voluntary commitments as an argument against the need for company agreements or statutory provisions. There are reasons to adopt a critical stance on CSR.]

[MS8: And also in the case of implementation (this participation should be encouraged) because you can have very good statements without implementation (laughs) and after the statements, you have to implement them.]

[RJ8.1: We are trying to advocate in favour of that because, I mean, otherwise you speak about CSR in a way, which more resembles actually to public relations and creating, you know, the public image of a company. But is not founded on firm pillar and is basically not very useful.]

[RJ8.2: But as you mentioned before that life's not ideal and we have been observing how CSR has been treated. Its been often treated as a public relations tool without clear commitment that follows. And this is a big threat because if the companies.... I mean, the companies have always been until now emphasising that CSR is a voluntary initiative and that it cannot be codified or made binding because otherwise it would kill the very idea of CSR.]

MH is clearly convinced of the dubious nature of CSR and looks CSR activities by business to be based on a business case. He also mentions various tactics adopted by companies in different countries to achieve a common objective.

[MH8: When the companies see some benefit in terms of good business, they engage in CSR activities. When they try this in a planned economy, they do it differently. In a capitalist system, companies don't look for self-regulation, as proper regulation does not exist, so they are not bothered. I think CSR is a public relations tool and there is no doubt about it.]

The common thread among all these responses is that they cast doubt on the genuineness of the CSR tools and activities by businesses. Most of the respondents have termed CSR activities as mere public relations exercise where business want to improve their public image where some damage has been done to the public image, or to gain some competitive advantage over the others. The purpose of corporate disclosure could be manifold including gaining or to extending legitimacy; maintaining current level of legitimacy, or mending and defending threatened legitimacy" (O'Donovan, 2002, p. 349). Some of the respondents see it as self-praise by businesses over unilaterally decided CSR interventions.

Besides the interview data, there is evidence that trade unions are critical of greenwashing. For example, DGB in a statement to CSR Communication of the European Union Commission state:

*“Misleading marketing ("green-washing") is rightly seen as a problem here. It is noteworthy that the Commission – from our perspective more clearly than ever before – has announced its intention to deal with this form of abuse. Regrettably, however, it remains open which countermeasures the EU Commission might take.*

*The fundamental rule is that trade unions play an important role in unmasking "greenwashing". They can point out misleading marketing and rectify the abuses together with the companies. Here, trade unions could fall back on the communication within the various international and European trade union structures. As a contract partner of international framework agreements with multinational companies, global or European trade union federations in particular can play an important role in this respect. (Statement of the German Confederation of Trade Unions on the CSR Communication of the EU Commission of 25 October 2011, P. 5)<sup>13</sup>*

In the field of environment, there are numerous examples of such a behaviour where greenwashing is resorted to as mentioned by Bruno (1997): “The World’s leading Ozone destroyer takes credit for leadership in ozone protection. A mammoth greenhouse gas emitter professes the precautionary approach to global warming. A major agrichemical manufacturer trades in a pesticide so hazardous it has been banned in many countries, while implying it is helping feed the hungry. A petrochemical firm uses the waste from one polluting process as raw materials for another hazardous process, and boasts of an important recycling initiative. Another giant multinational cuts timber from virgin rainforest, replaces it with monoculture plantations and calls the project “sustainable forest development.” (Bruno, 1997)

Laufer (2003) shares similar concern when he mentions: “The emergence of the terms “greenwash” and “bluewash” (washing through the reputation of the United Nations) reflect an increasing apprehension that at least some corporations creatively manage their reputations with the public, financial community, and regulators, so as to hide deviance, deflect attributions of fault, obscure the nature of the problem or allegation,

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<sup>13</sup>[http://www.b-b-e.de/fileadmin/inhalte/Mitglieder/mitglieder/dgb\\_sn\\_eu-csr-mitteilung\\_final\\_EN.pdf](http://www.b-b-e.de/fileadmin/inhalte/Mitglieder/mitglieder/dgb_sn_eu-csr-mitteilung_final_EN.pdf)



reattribute blame, ensure an entity's reputation and, finally, seek to appear in a leadership position.” (Laufer, 2003, p. 255)

#### **3.4.1.3. Reliability of CSR Tools**

Businesses that engage in CSR come up with claims, which are sometimes very hard to prove. Nowadays, a lot of businesses produce social responsibility reports and in these reports they publicise their socially responsible behaviour. Trade unions and other civil society organisations take these claims with a pinch of salt. Trade unions are critical of the inflated claims, which at times mislead customers, regulators and workers.

Respondents of the present study expressed similar concerns regarding business claims about social responsibility tools.

DJ traces the proliferation of codes and social audits by companies in bad press that the companies received over poor working conditions. TG wishes that there were genuine labels available for everything. AH is critical of UNGC as lacking substance. The procedure within UNGC is such that companies self-report their respect for rights of labour but there is no mechanism to verify such claims which renders them useless and tantamount to wastage of resources. EC, MH, and MM and MS commonly hold the view that there should be reliable mechanisms to measure corporate claims.

[DJ15: Of course there were negative public relations for the working conditions. Since then they have adopted codes and have auditors and they have programmes to certify. Well some of these programmes end up attesting the labour practices of non-union workplaces. And in effect they become substitutes for trade unions in a very direct way.]

[TG15: I mean labelling is a great idea, there would be better world if every product had union-made or not, labelled on that ‘made in safe and healthy workplace’, in respect of international norms and international label.]

[AH15: That is a good question. Because there are hundreds of labels already and none of them are really good. I mean even the UNGC is not good label in my opinion. If you want to have a global label that is really relevant, it should entail more than GC. Under UNGC, you only have to say you adhere to the compact. Nobody actually confirms if you do it or not. So it is better with no labels than labels, which do not mean anything. It is a useless exercise to have another tag attached to the company, which means nothing.]

[EC15: I believe verification would be a useful tool provided that tools labels etc are strictly adhered to, independently assessed and robust in themselves.]

[MH15: We need transparency and more reliability. We need more of all this. The things are being done in a business as usual way and there seems to be no urgency, which is needed.]

[MM15: The DGB defines certain preconditions: Codes of Conduct can only claim credibility if monitoring and verification is conducted by an independent institution and/or a suitable management system in accordance with a pre-defined set of criteria.

[MS15.1: Well, we think it is very important that the companies produce reports but also clarify exactly what they are doing now, something that is reliable. If you report something that is not true, that is not a good thing.]

[MS15.2: So you also need clear instruments to make it something reliable and also comparable and possible to contrast. The first thing is to standardise the tools for example the GRI Guidelines.]

The strategy adopted by companies managing risk to reputation requires them to push liability farther away from the company. When there is less external monitoring, and questionable verification processes, there is a possibility of corporate posturing and deception. An example could be given in this regard of the use of structure of corporate disclosures in an effort to enhance perceptions of legitimacy (Deegan, 2002). Gray (2001, p. 13) has noted, “the quality of attestation to social and environmental reports is woefully poor.” Stittle (2002, p. 349) found significant distortions and omissions of information concerning ethical issues in current U.K. reporting systems.

Unite the Union, in a response to the European Commission public consultation on disclosure of non-financial information by companies, expresses the trade union concern about reliability of CSR tools in these word:

*“It is essential for the legitimacy of CSR that rigorous reporting and auditing is put in place in order to combat any criticism that CSR is merely a PR exercise. This should be independent, credible and transparent”.*<sup>14</sup>

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<sup>14</sup> Unite response to the European Commission public consultation on disclosure of non-financial information by companies”,  
[http://centrallobby.politicshome.com/fileadmin/epolitix/stakeholders/EC\\_CSR\\_Jan\\_2011.pdf](http://centrallobby.politicshome.com/fileadmin/epolitix/stakeholders/EC_CSR_Jan_2011.pdf)

#### 3.4.1.4. Independent Auditing

Similar to reporting, trade union respondents expressed their **scepticism** about the auditing process. One important aspect of the audit that was expressed by the respondents was that trade union should be involved in the auditing process. The workers from the shop floor level are best placed to be a part of the audit team. Another important concern regarding the auditing process was that prior information about arrival of auditors renders the whole exercise less meaningful. Following interview excerpts represent the concerns of trade unions about the auditing process.

DJ and TG share the same concern about the process of audit and both of them provide the same alternative solution to the problem. Both DJ and TG criticise the nature of the process of audits where the companies having prior knowledge, set everything right on the day of inspection and things revert to business as usual the moment the auditors leave the premises of business. As an alternative they are of the opinion, workers are well placed to monitor the workplace. They suggest that since workers are available 24/7, their involvement in the audit process would provide more credibility to the audit process and would be less costly exercise.

[DJ16: Now a union can monitor by its definition. You can have a union presence at the work place all the time. Some people might say, "Well, what's the difference?". The difference is that it is the workers that are the monitors when you have a union. And the reason a union can do this and can say that the artificial system can't do that.]

[TG16: We often give the example of auditing (which you also have mentioned). An audit is OK, auditors can come and inspect a factory and make sure that the doors are not blocked for fire escape. But an audit or inspection can come once a month may be, and quite often the management knows when they are coming, so they can prepare. The only way to really audit is to have a strong trade union. A strong trade union in the workplace is 24 hours auditor.]

AH recommends to use multiple initiatives to make the audit process more credible and expresses his desire that workers are involved in the audit process to give it more credibility.

[AH16: I think Ethical Trading Initiatives are good. We are member of Regional ETI. All possible ways should be used. Most importantly for us is

that companies agree with the trade unions that they have to do something and that they are willing to involve workers on sites, and not the big trade union bosses. I think that is the only way you can have real, credible audits and CSR.]

MH and MS are also one with DJ, TG and AH demanding a mandatory role to workers in auditing. MH shares the best practices examples from Germany and Geneva where workers are part of the audit process, which gives more legitimacy to the process. MS gave the example of Inditex as a best practice example from his experience and suggested that the audit process should involve company, third party and the trade unions to ensure meaningful auditing process.

[MH16.1: We would like to have mandatory information and mandatory auditing. These are the tools, which are needed. My experience tells me that only if we build pressure on the shopfloor level, something will happen, otherwise, nothing will happen.]

[MH16.2: The social audits in Germany are done by Metal Workers Union and we do audits in Geneva. The Metal Workers in Germany joined the Woodworkers in Germany in the early 1990s.]

[MS16.2: So the participation of stakeholder in the implementation of the policies is second very important thing. Two other issues, i.e., participation in the audits and accountability are the last part na.]

DJ raised an important point regarding the auditing and it was about the regulation of the social audit industry. By way of comparison, financial audit industry is very well regulated. Governments take interest by virtue of being important stakeholders for taxation purposes. The financial auditors are certified through a more rigorous process and have codes of ethics. As compared to that, workplace or social auditors have no such criteria to qualify. They are not regulated.

[DJ18.1: I think, there is basically this agreement that there is not a lot of credibility. And you have these social auditors, the professional auditors. Well, unlike the financial auditors, in any country, these financial auditors get licenced. They have professional ethics. They could be brought up on charges. There is a governmental interest in ensuring financial information is credible because for different reason, for investors, for taxes, for all sorts of reasons, the government are interested in that. And these professions and industries are regulated. But there is no regulation for these workplace auditors.]

[DJ18.2: Well, I think the whole reporting business is early. I am willing to say that the labour stuff you can't audit in the absence of a strong union movement, the rule of law, where the government is honest, laws are applied and people can complain to the press and they can not get arrested for protesting.]

[TG18: It can only be reliable if trade union is there and the workplace is properly inspected and the trade union is included in the process.]

[AH18: I think you need independent audits. There is no point company having their own auditors going around. I think the most important thing for a company is to involve its own workers and trade unions. Because workers are the best auditors as they are present in the company and most importantly they cannot be bought by the company.]

[EC18: Yes. AMICUS were disappointed that the government chose to repeal the OFR in favour of a far less robust reporting method incorporated within the Business Review. This view was also shared by many so-called 'good' employers.]

[MH18: There should be union involvement. Unions are well placed to monitor on the ground, on the shopfloor level because they know the situation. It is the union who can really monitor the situation. It is the most important thing to involve unions. When we have trade union in place, and when we have collective bargaining agreement in place, this would be the ideal situation.]

[MS18: The process of ... an independent third party okay. They should be professionals, they should be independent. But also a very good thing, for example, the Inditex as I told you before, is that collaboration among the company, third party auditor and the stakeholders involved. For example, the labour audits with the participation of the company, the trade union and the third party. That is the best thing to .... and it's a very useful.]

#### **3.4.1.5. CSR Awards**

There has been a practice world wide of awards for the best practices for the companies who claim to engage in corporate social responsibility. But the trade unions are critical of such practices because these awards are based on data, which businesses provide themselves when they participate in these competitions for awards. There is no involvement of any third party evaluation to ensure credibility of the corporate claims. The respondents of the present study have expressed their concerns about the dubious nature of some of these initiatives. The situation that DJ alludes to in the following statement tantamount to the famous phrase "you scratch my back, I will scratch yours".

[DJ19: I think the people who give awards, do in a self-serving manner. There are associations of people and you join the association and your purpose is to get the awards. They take turns and they each other certificates. The only thing you can do about this is, it is just like anything else.]

TG points out a real life issue where an organisation is being given an award to be a responsible citizen, and there is possibility of that organisation to be a violator of human or workers' rights.

[TG19: It depends completely on the genuine nature of the CSR award. If it is a club of companies who violate the workers' right and give awards to each other, it is a shame and that happens.]

[AH19: I don't think they will make much difference. It's OK if you have awards where you can really prove that they have done good improvement work in their business. But I don't think awards actually mean very much.]

[EC19: I personally would put little weight on CSR awards in themselves, although the benefits of CSR done well, is evident from good employers. There is evidence to suggest that the benefits of positive dialogue on CSR can be worthwhile for both employees and employers. This includes increased productivity, lower turnover of staff, reduced stress, reduction in absenteeism and increased loyalty by staff. It is these successes, which could be celebrated in some way.]

[MM: The DGB generally supports CSR quality labels or CSR awards. Larger European companies should be certified in an attempt to encourage worker-friendly behaviour. A set of social and environmental criteria that constitute a European quality label CSR needs to be defined, and could, for example, include the existence of workforce representation, the scope of qualification programmes, the existence of equal-opportunity schemes, policies designed to balance working and private life, environmental management systems and compliance with core labour standards. Companies, which meet these criteria, could gain a European certificate that was valid for a fixed period of time.

[MS19.1: Ah the awards, ya OK. If you create an award with all those stakeholders and companies, something that is participated by different stakeholders, I think that kinds of awards are OK.]

[MS19.2: But if created, and that happens a lot of times, awards created by companies, given to companies (laughs) that is not good. We have a lot of examples that 'we are the best socially responsible company in Spain and they prize this year to you and the next year to another company', it's no good (laughs).]

[MH19: Well, the way a company is selected for an award tells the story. I ... I think there is a need to ... to make the awards process transparent. That will lend them credibility]

JK: I mean the awards business is and for that matter all other exercises in this regard cannot be taken at the face value. If stakeholders are not involved, it is wastage].

[BH: It is a shame when violators of workers' rights get publicity for few ad hoc activities. On the one hand, a company does not care for the welfare of its workers and on the other it gets an award for one-off activity.]

The responses of trade unionists express their concerns over the process of awards. The whole process, according to interviewees, is dubious. The companies themselves supply the data that form the basis of such awards. There is no third party verification of corporate claims, rendering it another bogus exercise aimed at image building.

#### **3.4.1.6. Impact of Deregulation of Business on Trade Union Power**

Aim of deregulation strategy is to remove institutions of labour market regulation and reduce legal intervention in the relationship between employers and the individual employees to a minimum. Peters (2008) found that current labour market deregulation policies and labour market reforms mark a fundamental break with the post-war developments, and represents a reassertion of the power of capital ownership over organised labour and labour markets across North America and Western Europe. It was argued in this study that labour market deregulation has contributed to reduction of power of the organised labour.

The interview data reveals that at least half of the respondents agreed to this notion of worse impacts of deregulation of business on trade union power. These respondents were of the view that deregulation has reduced the power of trade unions because if the businesses are regulated by the state, labour can refer to that and can compel employers to abide by the statutory regulations. Below are the responses of the interviewees on this deregulation and trade union power.

[DJ13.1: Yes, off course. Yes it does on lots of ways. I think you can change labour markets, so that they change over time and they are more attuned with

the way economic activities are organized in different ways. But what is happening is not just de-regulation but is the absence of regulation.]

[DJ13.2: I think labour market de-regulation has negative consequences. You can point to instances that I think are fairly sure that regulation is the long regulation and its to burden sometimes for the intended result.]

[DJ13.3: There is nobody there to speak on behalf of workers and they need to get rewarded for their labour and have access to justice and they are not on the table when these things are discussed. Consequently, the labour markets do not have positive effects.]

[TG13: I have noticed as you have a question later on about the Ethical Trading Initiative and about labelling, I think. As of the merger of IndustriALL, we represent textile workers as well. In that industry, there is much more customer power and in fact I would say that customer power is mobilized by trade unions may be during the 1990s for example and that kicked out child labour from the production of companies like Nike and Gap.]

[MH13: Yes that is true. Trade unions are not getting much support from governments these days in terms of regulation. In many countries in Europe, especially Western Europe, deregulation of labour market has impacted trade unions in a negative way.

[MM1: The German trade unions champion robust, legally enshrined, protective rules at the workplace, for free collective bargaining and for consultation of the workforce to secure workers' rights and decent working conditions.]

[MS13: For trade union power? Ya because the collective bargaining was ... has been attacked, I would say. For example in collective dismissal you don't need agreement with trade unions. And also the provision of the labour ... labour department na. So its easier now it is easier to make dismissal. Also, regulation includes new cases for dismissals. Some of them are very clear but some of them are very ... well you know, in favour of the restoration of the companies, for other reasons, for the sustainability of the company. So those cases were integrated in the law, and the role of trade union in terms of negotiations has been weakened. Ya, I would say so (the de-regulation has weakened trade union power).]

#### **3.4.1.7. Is CSR a Threat?**

Threats in general to trade unions include:

- Declining membership and diminishing financial viability
- Low interest of young people in the Union
- The inability of union to effectively counteract union-busting by management.



Threats may arise from the presentation of CSR as an alternative to collective bargaining. Following are some excerpts from the interview data that point towards possible threat perceptions that CSR poses when it is seen as an alternative to traditional agenda pursued by trade unions.

[DJ3.1: Well, sometimes it is an opportunity but more often, to be honest with you, I see more of the dangers than I see the opportunities. I think there is a real danger that CSR has come to be seen by governments as a low cost, low maintenance policy. That is an easy way out of difficult issues. It has come to be seen by companies as an alternative to regulation. So, I see more dangers than opportunities in this.]

[RJ3.1: If CSR weakens the traditional employee rights such as the information and consultation right, right of association and collective bargaining, I think we will have a problem. If we observe the erosion and if we observe the progress of the approach, which pursues to weaken the trade unions or to weaken those binding statutory regulations for collective bargaining etc, then I think it is possible that CSR might become a threat”.

[TG3: I would say no. I would say that South African example is a perfect example. Perfect is a big word, so a positive example where CSR and trade union interests can come together and coincide with each other.]

[AH3: In the 1990s, when it was only unilaterally decided codes of conduct by companies that was a threat because workers are not involved in this process.]

[EC3: No, we see it as another opportunity to discuss the above issues under the CSR banner.]

[MH3: You know, when you look at CSR as a concept, which started in the 1990s actually. I can only say that it was an attempt by companies to circumvent legislation. If it is one-sided, unilateral, then it is not an opportunity.]

[MM3.1: “CSR schemes can by all means complement national, European and international legal provisions and collective bargaining agreements, but they can never become a substitute for these. Protection and support for working men and women should not be founded purely on management concepts. CSR must never become a substitute for statutory rules. Voluntary rules can complement public rules, but never replace them.”

[MM3.2“The ITUC’s Annual Survey of Violations of Trade Union Rights across the world repeatedly paints a terrifying picture: terrifying because more and more people are being murdered on account on their trade union activities.

[MS3: Well at the beginning I think, our organisation was not very in favour of the Corporate Social Responsibility because we thought in the beginning that it was something to ... for ... well just to occupade our ... to occupy our place na. A way, well something leading by companies trying to, well ..... to just to ... not in favour of collective bargaining, more a voluntary thing of the company, with no participation of the trade unions. Our position at the beginning was, I would say against (CSR)]

[LK3: No, it is not]

**Same sort of optimism is shared by Unite the Union, observed in the document analysis.**

*A number of commentators report CSR as ineffective and as just a public relations exercise. However Unite would argue that the global recession has focused consumer attention towards the effects of corporate greed and perhaps now is a good time to re-evaluate the positive contribution CSR can bring. Engaging in positive dialogue on CSR can bring rewards, which indirectly can boost the bottom line.<sup>15</sup>*

The discussion and analysis of data above under proposition1 informs that trade union power has eroded over the years. This has happened at the global level with varying degrees. There are several reasons responsible for decline in trade union power. Of particular importance is inadequate regulation of businesses at the national and global level. This has created a vacuum of regulation and businesses have tried to fill this vacuum by engaging in CSR. Trade unions are sceptic about the CSR efforts by businesses due to its voluntary nature; greenwashing, questionable nature of CSR tools including audits, awards, an attempt to replace binding rules and to some, CSR is a threat as there is evidence that adoption of CSR as an alternative to binding regulations has hampered trade union power.

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<sup>15</sup> Unite response to the European Commission public consultation on disclosure of non-financial information by companies”,  
[http://centrallobby.politicshome.com/fileadmin/epolitix/stakeholders/EC\\_CSR\\_Jan\\_2011.pdf](http://centrallobby.politicshome.com/fileadmin/epolitix/stakeholders/EC_CSR_Jan_2011.pdf)

### **3.4.2. Proposition 2: The conditions under which trade unions take a reactive/proactive stance**

Although trade unions are apprehensive of the business engagement in CSR due to several reasons, yet there is a desire at the trade union level that since CSR is there and even if they don't participate, it will continue to stay, then why not join and try to seek as much benefit as possible for the members. Keeping this in mind more and more trade unions are participating in the CSR efforts and playing their role by contributing to shape the workplace CSR agenda. There are numerous benefits of this approach. Firstly, companies have embarked on the path of CSR and would continue with that even if trade unions were not part of it. For trade unions, it is wise to sit around the table and give their input in shaping CSR agenda. Otherwise, they would be wasting their precious resources in antagonistic mode. Secondly, not all CSR is bad and there are several aspects of CSR where synergies could be explored to align CSR agenda with workers' rights. Thirdly, due to decline in membership and density, the bargaining position of trade unions has weakened with respect to the employers. CSR offers an opportunity to them to engage with employers and discuss initiatives that could be of interest to their members.

Therefore, a way out to proposition 2 is the possibility of trade unions entering into partnership with employers. According to BERR (formally the DTI):

“Partnership work refers to the relationship between employers, employees and their representatives. It is about developing better employment relationships of all levels, helping to build trust in the workplace, sharing of information and working together to solve business problems.” (BERR)

The Involvement and Partnership Association (IPA) relates partnership working as an integral part of high performance working. Trade Union Congress (TUC) also supports the ideas of partnerships stating, “partnership workplaces are a third more likely to have above average performance, lower labour turnover and absenteeism, higher salaries and profits (TUC, 2002). Partnership agreements provide unions with a degree of institutional security and a certain level of involvement in workplace decision-making.

Bacon and Samuel (2007) found that 248 partnership agreements were signed with the majority being in the public sector. Samuel and Bacon (2008) examined 126 formal partnership agreements. Of the 126 partnership agreements, the majority included statements on:

- a). Trade union commitment to the success of the organisation in return for increased employee participation
- b). Recognition and respect for the legitimate role of the trade union

Oxenbridge and Brown, (2004) argue that if partnership arrangements occur in robust relationships, they result in benefits for all through improved information sharing and a decrease in uncertainty that is associated with greater levels of trust between employers, unions and employees. It is argued that partnership working provides benefits to both employers and employees via better psychological contract and greater voice, including scope to contribute” (Guest and Peccei, 2004). Samuel and Bacon (2008) argue that partnership agreements provide unions with recognition of their legitimate role and a commitment to consultation, especially in the public sector. Although, by entering into to partnership agreements with companies, trade unions sacrifice their capacity to coerce management, yet cooperative relationships provide them with the consolation of increased access to management and the opportunity to build on influence on behalf of their members, that is based on trust” (Oxenbridge and Brown, 2004). Partnerships provide mutual benefits to employees, employers and trade union. A list of these benefits in given in the Table 12.

**Table 12 Mutual Benefits to Partnership Working**

Benefits of partnership working		
Employees	Employers	Unions
Increased opportunities to influence management (Oxenbridge and Brown 2004)	Links with high performance working, increased productivity and superior performance (Guest and Peccei 2001; Marchington and Wilkinson 2005)	Improved information sharing (Oxenbridge and Brown 2004)
Improved psychological contract (Guest and Peccei, 2001)	Higher employee contribution (Guest and Peccei, 2001)	Decreased uncertainty associated with greater levels of trust (Oxenbridge and Brown, 2004)

Greater voice (Guest and Peccei, 2001)	Better employee relations and harmonisation of terms and conditions (Guest and Peccei, 2001; Brown, 2000; Oxenbridge and Brown, 2004)	Increased opportunities to influence management (Oxenbridge and Brown, 2004)
Increased employee contribution (Guest and Peccei, 2001)	Facilitate change (Brown, 2000; Oxenbridge and Brown, 2004)	Early involvement in decision making and extension of consultation procedures (Samuel, 2001; Ackers et al., 2005)
Decreased uncertainty associated with greater levels of trust (Oxenbridge and Brown, 2004)	Implementation of quality initiatives  (Brown, 2000; Oxenbridge and Brown, 2004)	Engagement with decision making (Guest and Peccei, 2001)
Better employee relations and harmonisation of terms and conditions  (Guest and Peccei, 2001; Brown, 2000; Oxenbridge and Brown, 2004)	Win public sector contracts (Brown, 2000; Oxenbridge and Brown, 2004)	Recognition of legitimate role (Samuel and Bacon, 2008)
	Improve absenteeism rates and staff turnover (Marchington and Wilkinson, 2005)	Better employee relations and harmonisation of terms and conditions  (Guest and Peccei, 2001; Brown, 2000; Oxenbridge and Brown, 2004)

Source: Pass (2008)

Data for present study has ample evidence for such desire from trade unions where they see opportunities in CSR and look of synergies of trade union and business agenda. There is also evidence of trade unions progressing CSR agenda.

#### **3.4.2.1. Opportunities**

In general, opportunities present themselves in many ways such as:

- Making better use of existing legislation, influencing national decisions in more significant ways
- Organising and increasing membership in new sectors of the economy
- Giving a facelift to Unions that are perceived to be confrontational and combative

- Strengthening mediation skills and approaches to achieving greater collaboration with management without being co-opted

Our data reveals that there is unanimous support that CSR offers opportunities to trade unions and these opportunities need to be availed of.

[DJ4: CSR, on a positive note, might be a way of getting employers and businesses sensitive to an issue. But on a negative note, CSR might be a way of employers and businesses to re-define their responsibilities with respect to the same issue. So you have to be careful. If you look at it as an objective, you are going to miss the danger and if you look at it as danger, you are going to miss the opportunity, so it cuts both ways.]

[TG4: Yes, definitely. You know we have a history of working together and have some very good examples and case studies where CSR can be put to excellent use. There is a German Pharmaceutical company Boehringer Ingelheim, they funded our HIV-AIDS Global project for number of years which really had excellent results in combating HIV-AIDS. There are various projects along the similar lines in paper industry in Latin America where good amount of money was spent for good projects, hence once can say that CSR is an opportunity.]

[AH4: It depends on how it is incorporated. We think in general, the attention that CSR received both by business and community, it is an opportunity.]

[EC4: I would argue yes.]

[MM4: Nevertheless, CSR includes the chance to improve the situation of workers, to develop a common and binding framework for international labour standards and to establish common rules on sustainability.]

[MH4: In the past companies have used CSR to establish so called ‘yellow trade unions’. Yellow unions are established by management, so it is nothing new for us. But when it (CSR) is done in a good way, by an agreement, in partnership with trade unions, it is an opportunity.]

[MS4: Now our position is in favour (of CSR) and we think we see an opportunity to extend the good practices among the codes, well the whole activities of the companies will change, contractors, sub-contractors or all different stakeholders of the company and all other activities of the company.]

[BH4: Prospect looked at MDGs and Core Labour Standards and found that there could be cross-pollination between the two. With that in mind, it was thought to engage with companies on CSR and try to look at the value and supply chains of big companies and see how companies behave globally when procuring internationally.]

RJ4: It’s a very good question, I mean the scenario building about CSR. I don’t have clear mind on that because I mean both are possible actually.

Ideally I would like to believe and optimistically positively believe in the fact that we can use CSR to strengthen also the standing and the position of employees in companies. But this is only under the condition that CSR is really pursued in parallel to respecting trade unions or in general employee rights.

[LK4: Yes, it is. - better staff management, working conditions, work environment  
- better business success and future employment prospects

[JK4: We cannot leave that only to businesses. Of course they (businesses) have their own interests and we have ours, but we can explore mutual interests.]

Multistakeholder initiatives have also played a key role in the evolution of the CSR agenda, as described above, where an increasing number of issues are being placed on the CSR table (Haufler, 2004). The early focus on working conditions, for example, has been complemented by greater attention to labour rights such as freedom of association and collective bargaining. Popularity of CSR in the corporate sector, whether through ‘pressure from below’, or through business case for companies, offer opportunities for trade unions to take active part in debates about CSR and shape CSR agenda that coincides with trade union agenda.

According to Zadek (2004), CSR companies tend to move through various stages, described as;

“Defensive”, in which they deny that they are a part of the problem;

“Compliance”, in which they adopt a policy, which is seen as a cost;

“Managerial”, in which the issue is embedded in their core management process;

“Strategic”, where addressing the issue is seen as good for business;

“Civil”, where they encourage their peers to also address the issue.

Involvement of trade unions in the multistakeholder process could be one way to exercise their influence in shaping CSR agenda and bringing it closer to their own agenda. Utting (2005) is of the view that to some extent, multistakeholder initiatives involve a ratcheting-up of standards and a slight hardening of the soft voluntarism that characterized the early experience of CSR, which centred on corporate self-regulation.

### **3.4.2.2. Synergies Between Trade Union and Business CSR Agenda**

Having analysed the trade unions' acknowledging the fact that CSR offer some positive opportunities, the respondents have mentioned avenues where there could be possible synergies with business agenda of CSR. Several aspects of business CSR agenda such as welfare of workers, health & safety at work, restructuring, ageing, equality, discrimination, and lifelong learning have been mentioned by seven out of eleven respondents.

[DJ6: CSR is in fact a concept that is related to how management does this. If you look at the subjects i.e., discrimination, lifelong learning, re-structuring, ageing workforce, equality. These are (stand alone) subjects. These are not CSR as such. So I would look at all these internal and external affairs as essentially subjects, which can be dealt with in the concept of CSR, but they can also be dealt with as subjects. I think the trade union agenda is going to have to be decided by unions and it's not going to be a CSR agenda.]

[TG6: Some of the this language you have here like welfare of personnel, safety at work, promoting equality and diversity, preventing discrimination, promoting lifelong learning, management of change due to restructuring and ageing employees, all of these points are absolute fundamental priorities of the trade union movement.]

[EC6: Definitely. We are interested in all of these aspects although internal issues, which directly affect members in the workplace, have greater importance for us.]

[MS6: All these issues you mention na. All these issues are corporate social responsibility issues na. You mentioned safety at work.]

SK: Do these issues coincide with your agenda?

MS: We see CSR as something that includes all these things na. All the issues that you have mentioned are social issues, social and labour issues.]

[RJ6: Of course, because for instance you have said lifelong learning, we have amongst the trade unions, there are some agencies, which support and provide mechanisms or measures for instance to support or to fill in those possibilities created by the companies. Some companies indeed provide for instance lifelong training themselves, but some companies also provide opening measures to employees. We will pay for the training but its up to you how you or what will be the context and how you organize it.]

[LK6: - social and economic pillars.]



Civil society organization in general and trade unions in particular can avail of opportunities presented by new institutional arrangements, which involve various forms of non-governmental regulatory action. Trade unions not only attempt to exert pressures on business through confrontational activism but work collaboratively with companies, business associations, and governmental and intergovernmental organizations through various types of partnerships. Until now, NGOs have taken lead in organizing, or participating in multistakeholder initiatives associated with standard-setting, company reporting, monitoring, certification and learning about good practice (Utting 2002a, 2004). This is an opportunity that trade unions can utilize to the benefit of their members and push for CSR agenda that has a favourable bent for employees.

#### **3.4.2.3. Trade Unions Progressing CSR Agenda at the Workplace**

Unite the Union emphasises the need to build positive employment relationships through discussions with the trade unions. Through trade unions, it is thought that companies can inform and consult the staff. It suggests a number of things as a starting point. These include:

- i) Introduction of CSR Strategy Committee including trade union representatives
- ii) Assessment of CSR agenda in the organisations to identify gaps
- iii) Negotiation of CSR policies and initiatives through existing collective bargaining arrangements, and
- iv) Availability of existing CSR strategies to employees

#### *Success in engagement with companies*

Prospect had also suggested that there should be committees on CSR and its members should be represented on these committees. Unite has suggested similar institutional arrangements and so far has been successful in convincing Legal & General, an insurance company to establish a CSR Committee, which oversees the work of various sub committees. These sub committees are mandated to identify issues and tackling problems that arise within the CSR agenda.

The motivations for Prospect to get involved came from their concerns regarding the international development. The Prospect respondent, while discussing the motivations for Prospect, asserted:

*[BH7: “Then came the initiative of Millennium Development Goals (MDGs) and Prospect thought that these have tangible targets. These were not political, not religious and not cultural also. MDGs apply to businesses that employ labour. Prospect looked at MDGs and Core Labour Standards and found that there could be cross-pollination between the two. With that in mind, it was thought to engage with companies on CSR and try to look at the value and supply chains of big companies and see how companies behave globally when procuring internationally.”]*

The above assertion could be corroborated by the fact that at the 2006 National Conference, Prospect members voted unanimously to ‘raise the profile of international development among members’. Paul Noon, Secretary General Prospect emphasised the need to ‘marry the Millennium Development Goals (Chapter 5) to core labour standards, using CSR as the vehicle’.<sup>16</sup>

The Prospect’s motivation to join civil society organisations in engaging with companies on corporate social responsibility is a manifestation of institutional approach to corporate social responsibility. Since firms have contractual relationships with various stakeholders and the relationship with different stakeholders vary depending on the degree of formality of the contract. A firm has informal contract with its immediate neighbouring community and this contract is undocumented, and can be termed as relational. On the other hand, a firm has more formal, binding contract with its bondholders. Similarly, the frequency and regularity of contract also determines the nature of relationship the firm has with various stakeholders. Since the contract of firm with its employees is recurring and more frequent, as compared to its contract with a one-off supplier, the employees’ claim or stake in firm’s policies is much stronger than other stakeholders. Prospect has tapped on this potential role and has started its engagement with the management in the companies and term this engagement as ‘let’s start conversation on CSR’.

As a first step, Prospect suggests its members to get involved in CSR policies at all stages. The Negotiators’ Guide gives an explicit action plan that has three components:

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<sup>16</sup> Corporate Social Responsibility: Negotiator’s Guide

- i) Assessment of CSR policy at an enterprise as to what is the status of current CSR activities undertaken by the enterprise, and a measurement of its magnitude.
- ii) Building a case for doing more, by looking at the strengths of the organisation, offering the union support to make difference, and agreeing on a joint CSR framework.
- iii) Monitoring the progress and communicating the results to colleagues and other stakeholders.

All of these are an attempt to institutionalising the relationship using CSR as vehicle. For this purpose, Prospect has developed a detailed checklist for its members. This includes guidance to find the channels within the enterprise from where the members can solicit information regarding the corporate social responsibility policy. Once the members are able to find out the information, it provides detailed evaluation criteria, which is in the form of a checklist and is very easy to follow.

### **3.4.3. Proposition 3**

The third proposition is based on the concept of cosmopolitan social democracy through which it is proposed that since *CSR is a product of international regulation on labour standards and environmental issues, trade unions have various options available and out of these options, partnership is the best option available to trade unions*".

The role of a state in general is to establish the prerequisites for the proper working of markets, i.e., to define legal rules such as property rights and contractual rights, to erect an enforcement body, to provide public goods, and to reduce or avoid the consequences of externalities. The state ensures that the consequences of market exchange contribute to, or at least, do not harm the well-being of society. Private firms on the other hand are entitled to own means of production and to run a business and earn profits within the legal ambit.

Globalization is weakening the power of (national) political authorities to regulate the activities of corporations that globally expand their operations. This erosion of the regulatory power of (national) hard law has two effects: it forces national

governments into a race to the bottom; and it opens a regulatory vacuum for transnationally expanded corporate activities.

This footloose capital decides to produce in countries with low wages and weak unions and lax legal requirements. Consequently, this phenomenon compels national governments into a race to the bottom in order to woo companies and compete with other countries to attract corporate investments (Roach 2005; Scherer and Smid 2000). While seeking cost advantages, multinational corporations undermine the ability of the public authorities to set rules, regulate economic activities, and to enforce specific behaviors within their jurisdictions (Reinicke, et al. 2000; Beck 2000; Kobrin 2001).

Codes are written documents that lay down standards, which communicate what behaviors are (morally) required (Schwartz, 2001; Pater and Van Gils, 2003). Development of codes is a common practice to guide companies or industries for ethical or social responsibility. These are prevalent in the form of single organizations, to professional and trade associations and to large multinationals. According to Schwartz (2002), governments, associations and special interest groups promote the establishment of codes. Baggot (1989) sees the establishment of codes as an anticipated move by organizations to preempt direct regulation by the state or to solicit public support or tolerance.

Schwartz (2002) is quoted to demonstrate the prevalence of codes: “In the U.S over ninety percent of large corporations have a code of ethics (Center for Business Ethics, 1992), while in Canada eighty-five percent have a code (KPMG, 2000). Of the largest European corporations, fifty-seven percent of U.K. companies have a code (Le Jeune and Webley, 1998), fifty one percent of German companies have a code (Schlegelmilch and Langlois, 1990), and thirty percent of French companies have a code (Schlegelmilch and Langlois, 1990).” In a comparative study of corporate governance codes from 2002 the Internal Market Directorate General of the European Commission found 35 national corporate governance codes, one third of them in the United Kingdom.

According to Baggott (1989: 435, 436) amongst political scientists at least three perspectives can be identified within the academic debate. Firstly, corporatists tend to see self-regulation as further evidence of a corporate state in which state authority is devolved to private organizations that in turn regulate their members (Schmitter 1985). Secondly, supporters of a minimal state consider self-regulation as a possible means of rolling back the state (Hughes, 1985). And thirdly, in a particular strand of public administration literature self-regulation is seen as a particular form of quasi-government, raising questions and problems of accountability and public control (Hood, 1978).

Scherer and Palazzo (2009) suggest that the assumption on which the current discussions in CSR are based i.e., the responsible firms operate within a more or less properly working political framework of rules and regulations defined by governmental authorities does not hold true due to the effects of globalization. Beck (2000), Habermas (2001) and Strange (1996) share the same concern and are of the opinion that during the process of globalisation, the nation state loses much of its political steering capacity. The state's enforcement power is bound territorially within its geographical confines whereas the subjects of state regulation, especially the business firms, have massively expanded their activities beyond national borders. New social and environmental challenges such as global warming, crime, terrorism, and diseases emerge that are transnational in scope and cannot be regulated or governed unilaterally. Resultantly, new forms of governance below, above and beyond the nation state are observed (Beck 2000; Zürn 2002).

In response to societal expectations and pressures from civil society activism, some corporations have started venturing in public domain of political responsibilities (Walsh, Weber, and Margolis 2003). *Business Leaders Initiative on Human Rights* of British Petroleum, ABB and other companies are cases in point. They also engage in public health, addressing issues such as AIDS or malnutrition (Margolis and Walsh 2003). Corporations have begun to engage in initiatives of self-regulation in order to fill the vacuum of global governance (Scherer, Palazzo, and Baumann 2006). Bendell (2000), Utting (2000) and Ruggie (2003) see CSR globally to be proposed as a promising approach for addressing the regulatory vacuum or governance gap in the global economy.

Vogel (2010) have noted that global civil regulation characterised by voluntary, private, non-state industry and cross-industry codes that specify the responsibilities of global firms for addressing labor practices, environmental performance, and human rights policies has become a highly visible and increasingly legitimate dimension of global economic governance.

Business interest in governance could be traced in public discourses on cosmopolitan social democracy. At the global level, a more intensive engagement in transnational processes of policy making and the creation of global governance institutions such as the Forest Stewardship Council or the Marine Stewardship Council or the numerous human rights initiatives are emerging.

Upchurch, Taylor and Mather (2009) argue that supra and international regulation of globalisation has the potential to minimize the worst excesses of the market. Guy Ryder, Secretary General of ITUC expressed more or less similar views, at the World Social Forum held in Nairobi, coupling this assertion with caution as cited by Bieler, (2007), “we must ensure that the battle for decent work at the global level is being won in the national arena”.

*“The global labour movement, together with its allies in progressive political parties and civil society, has been arguing for some time that decent work for all should be placed at the centre of global governance, as a universal goal throughout the UN system and other international institutions such as the WTO, the IMF and the World Bank. Surely that should be obvious: to be achieved globally, decent work must be prioritised by all international institutions and they must work coherently to ensure its realisation. (cited by Upchurch et al. 2009: 18).*

ITUC has shown its inclination of this CSD like position by uncritically supporting social dialogue, European Works Councils and European Employment Strategy that have seeds of supra-national governance.

DGB’s response was much more clearer on the need for a global framework of governance.

[MM19.1: At international level there is still no binding framework to regulate corporate activity in global markets. The German trade unions have been calling for a binding international framework that would subject globalisation to minimum social and environmental standards. The ITUC's Annual Survey of Violations of Trade Union Rights across the world repeatedly paints a terrifying picture: terrifying because more and more people are being murdered on account on their trade union activities.]

DGB response is in line with the Held and McGrew's (2002) Cosmopolitan Social Democracy where supranational governance is thought to be an alternative to the erosion of powers of the nation state relative to the power of the enterprise, especially, the TNCs. Upchurch et al. (2009) have noted trade unions interest in the concept of global institutional governance. They see trade union intention in the form of the initiatives calling for decent work, International Framework Agreements (IFAs), CSR and core labour standards.

Stavis and Boswell (2007) while giving several explanations for IFAs, think CSR to be partially responsible for the growth of IFAs and trace the impetus for IFA in the formation of WTO as an institution of global public governance. IFAs are negotiated between transnational corporations and Global Union Federations. In 1995, ICFTU and International Trade Secretariats (ITS) proposed a Code of Labour Practice (CLP) as a guide for unions on the rules of conduct for transnational enterprises.

Codes of Labour Practice sought Transnational Enterprises to undertake respect of fundamental labour rights defined in the ILO Tripartite Declaration. This was an effort to take advantage of CSR to engage the corporations with a special focus of some sort of global industrial relations. IFAs differ from company codes of conduct because these are negotiated with trade unions. IFAs too are not binding in nature like company codes of conduct but they are superior from company codes as companies decide codes unilaterally without consulting trade unions whereas IFAs are mutually agreed documents. IFAs are increasingly been seen as a start of collective bargaining at transnational level as most of the IFA have provision of joint implementation mechanism, which company codes lack.

The trade union respondents that answered the questions regarding IFAs have supported the framework agreements. They preferred IFAs over voluntary codes of conduct as voluntary codes of conduct, according to respondents, are unilaterally decided whereas IFAs are a product of a process of negotiations. IFAs are seen by two respondents as manifestation of social partnership. Through IFAs, businesses and trade unions enter into an ongoing partnership, which benefit all the parties involved. Following are the excerpts from the interview transcription.

[DJ20.1: A number of framework agreements have been negotiated between multinational companies and the GUFs. Some people think framework agreements are negotiated codes of conduct with complaints systems and therefore superior to company codes of conduct. However, framework agreements are qualitatively different from codes of conduct. The agreements are important because they constitute a formal recognition of social partnership at the global level. Framework agreements are intended to complement but not substitute agreements at the national or local level.]

Here DJ20.1 has given a new dimension of the framework agreements. He sees in framework agreements an opportunity for trade unions to be recognised as genuine stakeholders in the process of industrial relations. According to this dimension, framework agreements are providing legitimacy to the trade union claims as genuine representatives of workers on whose behalf they act. And he also cautions that even though IFAs are a welcome development at the international level, yet these should not be used to reduce the role of trade unions at the national and local level because national and local trade unions are the immediate stakeholders in any mature system of industrial relations. The following assertion by DJ (DJ20.2) elaborates the same caution and points out to trade unionists at the local and national level to take into account the participants in the process of negotiations.

[DJ20.2: National or local agreements should not be negotiated at the world level, and global agreements should not be negotiated at the local or national level. The challenge for trade unionists is to make sure that what is on the negotiating table determines who is around the table.]

DJ gives another important characteristic of a framework agreement and that is the continuity of relationship between the Global Union Federation and the company. Framework agreements take time to mature and negotiation process is lengthy where there is a lot of give and take and back and forth discussions. Once the agreement is



signed, there is an ongoing monitoring and these agreements are revised according to a mutually agreed time frame. This gives an opportunity for both the parties to remain into contact and nurture the relationship among the parties involved.

[DJ20.3: A main purpose of a framework agreement is to establish an ongoing relationship between the multinational company and the global trade union federation, which can solve problems and work in the interests of both parties.]

In the following response from TG (TG20), he shares with the author IndustriALL's experience with various framework agreements they have entered into. TG represents IndustriALL that has singly signed maximum number of framework agreements, so this response is based on a rich experience on IndustriALL.<sup>17</sup> TG mentions that strength of the framework agreements lies in the way these documents are negotiated and also their success is dependent upon the expertise of the trade union from representing worker in that company.

[TG20: We have about 40 GFAs. Some are stronger than others, and some are implemented more than others. It is completely dependent on the trade union organizing within the company. So actually there are different approaches and different levels of success within each of these GFAs.]

While agreeing with the author about the superiority of framework agreements over voluntary codes of conduct, AH expresses his disappointment and frustration with the voluntary codes of conduct. He expresses his anger over the stubbornness of companies that are still adamant on unilaterally decided codes of conduct.

[AH20: Yes, absolutely. I have no belief in voluntary codes of conduct because they are unilaterally decided. Companies today even after all that has happened, still want to push for voluntary codes of conduct. They are actually telling me that they don't want to take this seriously.]

MH in the following statement supports the view held by DJ discussed earlier in this section, by his understanding of framework agreements as a vehicle of engagement with the companies. He suggest the trade unionists to keep pushing the companies by way of dialogue as there is no guarantee that companies will provide workers with

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<sup>17</sup> IndustriALL has entered into 41 global framework agreements, most of which were signed by the three merging GUFs i.e., ICEM, IMF and ITGWLF.

their rights automatically. He tends to agree with AH in preferring framework agreements to voluntary codes of conduct.

[MH20.1: There has been no protection of workers rights automatically. When you don't demand, nothing will happen. If there is no pressure, nothing will happen. IFAs are just there to start a good dialogue with the company because companies will not automatically change their policies. Of course it can be helpful as a good tool to protect and improve workers' rights, it will not happen automatically.]

[MH20.2: Yes we have entered into IFAs. We believe the framework agreements are better than voluntary codes of conduct because at least we have a tool to talk to the company and enter into dialogue.]

MM's assertion lends support to proposition 3 where it is argued that CSR is a product of international regulation on labour standards and environmental issues. He advocates the need of a mechanism of industrial relations at the international level. He also recommends the inclusion of Core Labour Standards into trade negotiation agenda.

[MM19.2: The DGB and its affiliated trade unions call for binding intergovernmental modes of operation to assert the Core Labour Standards of the ILO, such as a more efficient and effective system of sanctions based with the ILO or the World Trade Organisation (WTO) or applied in partnership with the WTO/ILO. The ILO's Core Labour Standards must be integrated into the treaties governing the WTO.]

MS has shared his understanding of framework agreements, as instruments to operationalise CSR at workplace. MS also expresses his optimism about the participatory nature of the framework agreements where trade unions are recognised as real representatives of worker.

[MS20: MS: Well I know the framework agreements but I am not involved in the negotiations. But these are meant to implement corporate social responsibility policies, union and the company. They also collaborate in a participative way na.]

The following two statements by LK and JK mention participatory approach adopted to develop framework agreements and partnership approach respectively. LK has

expressed her satisfaction over the process through which framework agreements developed. Whereas, JK terms them as partnership frameworks.

[LK20: Although, STTK has not been a party to any global framework agreement, yet it supports GFAs, as these are better instruments available to trade unions where issues are discussed and future courses of action are negotiated.]

[JK20: I think IFAs in principle are partnership frameworks through which trade unions and companies agree on achieving mutually agreed goals.

A researcher from ETUI expresses confidence in Framework Agreements in these words:

*“More proactively, European and global trade union federations encourage transnational negotiations and setting ‘internal rules of procedures’ to exert a stronger impact on multinationals’ compliance with core labour standards in their operations worldwide, in their subsidiaries and, increasingly, at suppliers and subcontractors. Furthermore, parties to TFAs are developing alternative dispute resolution mechanisms to secure better implementation and effectiveness of agreements at plant level and thus are contributing to the further development of more stable supranational structures of interest representation, information, consultation and dialogue and increasing trade unions and worker involvement in the decision-making of multinationals”,*  
(Schömann & Clauwaert, 2012, p. 5)

In this section, the author has attempted to analyse one of the options available to trade unions to engage with employers. It is argued that with a deficit of bargaining power vis-à-vis business, trade unions adopt a partnership approach where there are possibilities that trade unions would be able to shape the CSR agenda around labour rights. This will bring hitherto adversaries back to the table and find ways to achieve mutual benefits. This leads to a detailed discussion about International Framework Agreements in Chapter 4.

#### **Chapter 4: GUFs, IFAs and CSR**

This chapter build upon the interpretation of data in Chapter 3, where according to propositions 1, 2 and 3, it has been argued that since companies are trying to come up with private regulation as an alternative to governmental regulation, trade unions are proactively manipulating the concept of CSR and using partnerships and collaboration at the global level to shape global industrial relations. This chapter looks into detail IFAs as an instrument and its usage by trade unions to counter the power of corporation with enormous powers. It is argued that trade union could possibly influence business CSR agenda using partnership approach. The specific aims of Chapter 4 are:

1. Criticism of codes of conduct by representatives of organized labour
2. Linkage of trade and labour standards
3. Evolution of International Framework Agreements
4. Aims and objectives of IFAs
5. Meaning of IFAs
4. Nomenclature of International Framework Agreements
5. Substantive Provisions of IFAs

It is assumed that industrialization contributes to strong labour organizations and improved living standards (Kerr et al. 1960). Sabel (1982) noted that collective experience of work groups to realize their ambitions contributes to formation of strong unions. Once trade unions follow this path, they demonstrate that wages of their members are better than the wages of non-union workers (Freeman and Medoff, 1984). According to Budd (2005), the average wage difference between union and non-union workers with similar characteristics is approximately 15%. Strong union movements were product of industrialization and by contrast, a decline in industrial production hurts labour unions. The displacement of manufacturing jobs with employment in private sector services, such as retail, is a challenge for labour, because these work centres are smaller and have a less stable workforce, conditions which are not conducive to unionization.

The governance gap and regulatory failure associated with economic globalization are well discussed in the literature (Ruggie 2003; Stiglitz 2003; Stopford and Strange

1991; Story 1999). National governments have become unable to hold corporations accountable through democratic institutions and this inability of nation states has given rise to increased public discontent during the 1990s. Governmental inertia rendered civil society organizations frustrated with corporate unaccountability and they adopted a strategy of attacking the corporations directly through a mix of tactics such as “naming and shaming,” boycotts, demonstrations and confrontational tactics. NGOs, media and other civil society networks jointly lashed out at corporate brands, their legitimacy, and their growing profits. Corporate Social Responsibility (CSR) was a corporate response to pressures created by civil society and media. Comparatively bigger companies have got more negative publicity due to poor and questionable employment and environmental practices. Mostly, bad employment practices are associated with foreign operations where labour standards are lax and not in conformity with the internationally recognized labour standards. Majority of companies in several industries have adopted some sort of programmes to address social responsibility.

CSR is seen by some critics (Levy 1997; Riechter 2002; Utting 2000) as a deliberate corporate strategy to pre-empt regulation. They are of the view that CSR and soft law initiatives can actively weaken key drivers for hard law by sufficiently improving corporate practices to deflect criticism, by diverting public scrutiny, by co-opting NGOs and marginalizing labour unions. However, other studies (Abbott and Snidal 2000; Haufler 2001; Kirton and Trebilock 2004) indicate that CSR can be a potential new source of improved global governance, claiming that CSR and soft law initiatives can in some instances pave the way for, and actively reinforce, hard law processes, thereby underpinning rather than undermining hard law.

CSR programmes in several cases are based on independent or impromptu projects from individual companies that develop codes of conduct or prepare glossy CSR reports and it is difficult to verify claims made in such reports. Others include precise projects to improve social and environmental practices, yet lacking wider governance implications. In some instances however, there are some CSR initiatives that have provisions of joint regulation via multistakeholder participation and monitoring of compliance. These initiatives could better be termed as soft law institutions. There is a spectrum of soft and relatively rigorous initiatives. On the one end of the spectrum are

initiatives such as United Nations Global Compact with flexible provisions for compliance. On the other end of the range are relatively stringent initiatives such as OECD Guidelines for Multinational Enterprises.

Various researchers (e.g., Freeman 1995; Guest 1995; Kochan et al. 1986; Wheeler and McClendon 1991) have noted that workers are interested in issues such as better remuneration and better workplaces, enhanced say over workplace decisions concerning them and safety against capricious management action. The successful trade unions are those that cater to these and other needs of their members and protect them from whims of the management. The achievement of these expectations of the members depends upon the way trade unions engage with the management. This objective could be realized through meaningful engagement with employers whereby the trade unions are successful in bringing about behavioural change in employers towards employees. If a trade union fails in influencing the behaviour of management in positive direction, then it fails its members as well and their efforts would end in futility.

Corporate codes of conduct by Multinational Enterprises (MNEs) have sprouted in reaction to increasing concern of wider civil society regarding social and environmental impact of corporate activity/inactivity. Codes of conduct are proper statements of principle that define standards for business behaviour. In majority of the cases, these codes of conduct are devised in non-participatory way and reflect the wisdom of management only. Employees who are the most important workplace stakeholders are not consulted while developing such codes. These codes of conduct reflect company ethos regarding social and environmental issues. In some cases these codes of conduct include the expected behaviour from suppliers and in other instances, these express company's own behaviour only. These codes of conduct sometimes embrace all important issues such as human rights, social and environmental issues and even corporate governance issues. In other cases, these could only comprise responses to single or multiple specific issues.

#### **4.1. Criticism of Codes of Conduct by Representatives of Organized Labour**

Codes of conduct lack credibility because these are unilaterally developed. Moreover, they lack real substance and fail to address issues concerning basic labour standards.

Trade unions are critical of corporate codes of conduct as they see them as mere public image ploys. Trade unionists hold the view that corporate codes of conduct mislead conscious-laden consumers, who otherwise would boycott goods produced by exploited labour. Only few corporate codes of conduct were developed in consultation with worker representatives. As Herrnstadt (2001) concluded that the tiny minority of mutually agreed codes of conduct are positive step forward in eliminating some serious flaws in unilaterally devised codes, it is difficult to form any significant opinion about their merits, since these are still novel instruments in their infancy.

Herrnstadt (2001) notes that corporate codes of conduct are criticized for "distract[ing] and confus[ing]" consumers, workers, and policymakers. IG Metall criticized these codes as "serv[ing] primarily as PR or marketing tools."<sup>18</sup> The Building and Woodworkers' International (BWI or IFBWW) recognized that unilaterally implemented codes were often used for "marketing purposes" and "were a response to negative publicity related to exploitation and abusive labour practices in the production of famous brand name goods."<sup>19</sup>

In such a situation, workers are at a receiving end. Increased competition between workers and rising inequality are the obvious result of the alignment of public policy with corporate planning (Babson, 2000:15, Hanagan, 2003:486). There is an increasing convergence of state policies with private, corporate goals during this period of capitalism. Under these circumstances, the comparative power of multinational corporations has increased.

A downward pressure has been exerted on the workers' fundamental rights due to intense capitalist globalization and diminishing regulatory role of the state. International Labour Organization's (ILO) core labour standards are generally recognized reference point to identify and evaluate abuse of workers and their rights.

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<sup>18</sup> STEFAN Rub, Social Minimum Standards in Multinational Groups: Argument and Practical Help to Initiate, Negotiate and Implement an International Framework Agreement (IG Metall, June 2004), [http://www.hs-fulda.de/fileadmin/Fachbereich\\_SK/FG-Arbbez/IGM-Handlungshilfe\\_IFAs\\_englisch2004.pdf](http://www.hs-fulda.de/fileadmin/Fachbereich_SK/FG-Arbbez/IGM-Handlungshilfe_IFAs_englisch2004.pdf)

<sup>19</sup> INTERNATIONAL FEDERATION OF BUILDING AND WOOD WORKERS, IFBWW EXPERIENCES WITH GLOBAL COMPANY AGREEMENT, at 2 (Feb. 2004) available at <http://www.fitbb.org/index.cfm?l=2&n=1>

ILO's eight Fundamental Rights at Work form the basis of ILO conventions in the areas of freedom of association, forced labour, equality and child labour. Several nations have accorded recognition to these conventions by ratifying these conventions through parliamentary process in their respective countries.

A long struggle by organized labour has provided it with concessions from nation states in the form of legal protection of these basic rights. Although states have relinquished their regulatory power in favour of corporations voluntarily, yet they are not powerless and passive actors in the global economy (Yeates 2002). They still have the potential to exercise regulatory and other powers, provided they have strong domestic institutions (Weiss, 1998, 1999). ICFTU's Annual Survey has reported increasing number of violations, providing evidence that complete dependence on states and their regulatory prowess will not bear fruit. Workers' rights violations are occurring in a systematic way in both the global North and South (ICFTU 2004) and these violations are insidious throughout the global economy. There is public awareness about these rights violations.

Having said that, one cannot write off the role of governments and national governments cannot be absolved of their responsibility to protect fundamental labour rights. Still it is within the jurisdiction of state to protect workers' rights. Labour laws coupled with monitoring mechanisms and other oversight functions at the national level under the auspices of governments are necessary. International efforts at the ILO and other such institutions to protect workers' rights complement governmental efforts. Tailoring workers' rights clauses into bilateral and regional trade agreements should continue wherever appropriate (Scherrer & Greven, 2001:75). However, over-reliance on state mechanism to strengthen labour standards is not a wise strategy as states have demonstrated their laxity in this regard by putting their weight on the side of businesses rather than workers, due probably to their incapacity or willingness.

At the same time, ILO could also not to be entirely relied upon as a strategy by organized labour to protect labour standards. The reason for this view is based on the working mode of the ILO where its activities are consensus based and it look towards national governments for a voluntary action and does not have powers to compel member states to act. ILO at the most, provides technical assistance and uses moral



suasion to convince member states. The 1998 Declaration of the ILO explicitly stated that states' obligation to respect core labour standards (Sengenberger, 2002:31), yet there are abundant incidences of workers' rights violations around the world. Again, organized labour does not overly rely on ILO to guarantee any significant and groundbreaking efforts to protect labour standards. Hence reliance on any of these institutions – states and ILO, as a long-term strategy would be necessary, yet not the sufficient condition to enforce core labour standards.

Workers and their genuine representatives are at the center stage to improve conditions of workers and ensure effectiveness of labour standards throughout the working world. They are at the forefront in the struggle to ensure that the rights of workers are respected. This tug of war between businesses and workers representatives gives trade unions legitimacy and helps them in revitalizing their movement during this phase of capitalism (Ng 2001). Trade unions have two-pronged strategy available to them to protect workers' rights, at external and internal levels. At the external level, trade unions can lobby with national governments and international organizations and vie for building support for stringent mechanisms for the enforcement of labour standards. At the internal level, trade unions have to focus on developing their own strengths and capacities for independent action.

Although, trade unions at the national level are best suited to carry on their struggle for the protection of workers' rights, yet given the international nature of the problem, initiatives at the global level by Global Union Federations (GUFs) are recommended. GUFs, previously known as International Trade Secretariats (ITS) have worked for long as peak offices of the international trade union movement. They have demonstrated their strength in coordinating international solidarity, representation of labour in global social dialogue, within International Labour Organization (ILO), and have increased their membership base and organization (Windmuller 2000; Fairbrother and Hammer, 2005).

GUFs are essential coordinating bodies in present day global economy. GUFs link efforts of national trade unions and facilitate their relations with major multinational companies. GUFs are provided with an unprecedented opportunity of global outreach with more and more former Soviet block countries and other third world countries

coming to the ambit of capitalist mode of production. Contextually, GUFs are faced with immense challenges in the wake of increased power of multinational companies via the process of globalization. Dilution of existing economic regulation under the neoliberalism and globalization has undermined union constituencies and the social protection that the unions had achieved. The three main functions of GUFs, as identified by Croucher and Cotton (2010), include:

- i) Defence of existing union rights;
- ii) The creation of new rights through processes of collective bargaining;
- iii) The development of union capacities to exercise such rights, through educational programmes.

Croucher and Cotton (2010) examine the relationship of GUFs with multinational corporations and the process of globalization. Croucher and Cotton (2010) advocate the further development of GUFs and consider them superior over other forms of international solidarity such as bilateral relationships.

It is pertinent here to mention a note of caution regarding certain constraints faced by the Global Union Federations (GUFs). Global Union Federations (GUFs) work on consensus among their national affiliates. If the national affiliates are unwilling to provide their support to promote or sustain international tools such as transnational collective bargaining or World Company Councils, their work is constrained. They cannot achieve something meaningful and this constraint dilutes GUF power to meaningfully engage with employers, states and international bodies. The world is a changed place after the forces of globalization are let loose. Diminishing welfare states, increased mobility of capital and liberalized trade have reduced the effectiveness of national-level collective bargaining and promotion of protectionist trade policies (Stillerman, 2003:580).

#### **4.2. Trade and Labour Standards**

A debate about linkage between trade and labour standards was alluded to at the end of the Uruguay Round of trade negotiation and at the advent of transition from General Agreement on Tariffs and Trade (GATT) into World Trade Organization (WTO), but it went on the back burner, in the fanfare of a new powerful organization. International trade union movement, however, kept on pushing linkages between

trade and social standards and ICFTU Congress came up with an organized approach to bring back this issue to the negotiating table. A debate kept on simmering within WTO and in the periphery till it eventually resulted in the shape of the proposal to link the WTO's powerful disciplining potential to international labour standards. The idea was based on the premise to use the power of the WTO's trade sanctions dispute settlement mechanism and impress upon the member states where labour rights violations were rampant to uphold core labour standards. Trade union movement tried to use the opportunity to piggyback a stronger organization instead of relying only on ILO that was unable to prevent widespread violations of workers' rights. Although, there was broad consensus between ICFTU and the GUFs for the social clause, there were strong voices of dissent as well (Fairbrother and Hammer, 2004). This antagonism to social clause was based on the premise that it was a disguised protectionism. For example, the Central Trade Union Organizations of India strongly expressed their opposition to the inclusion of social clause in the WTO negotiating agenda (Hensman, 2001:427).

Not only there was a divide among trade union movement about the inclusion of social clause, but many developing countries also took an opposing stance, again attacking the protectionist nature of such linkage between trade and labour standards. This debate culminated at the 1996 Singapore Ministerial Meeting of the WTO, where majority of the members officially and unequivocally rejected any such linkage between trade and social standards. It was claimed by US government that both developed and developing country members rejected the linkage for the fear of a work programme on core labour standards in the WTO leading them to mandated international labour standards that might inhibit their economic development and erect protectionist barriers (Hecker, 1997). Malaysian Trade Minister was quoted saying "there will be no more talk of labour standards in the WTO, No way, no discussions, no continuing work, nothing" (Khor 1999).

Again, US delegation to the WTO, undaunted by rejection in 1996, proposed a working group on trade and labour standards. This time, scope of the work group was wider than the original proposals. The work group was suggested to explore:

- Trade and employment – examination of the effects of increased international trade and investment on levels and composition of countries' employment;

- Trade and social protection – relationship between increased openness in trade and investment and basic social protections and safety nets;
- Trade and core labour standards – relationship between economic development, international trade and investment, and the implementation of core labour standards;
- Positive trade incentives and core labour standards – the scope for positive trade policy incentives to promote implementation of core labour standards;
- Trade and forced or exploitative child labour – the extent of forced or exploitative child labour in industries engaged in international trade;
- Trade and derogation from national labour standards – examination of the effects of derogation from national labour standards (including in export processing zones) on international trade, investment and economic development (Khor 1999).

Again a majority of the delegates, especially from South rejected any such work group concerning labour standards, even though the proposed work group was mandated for a wider coverage than the work group suggested at the Singapore Ministerial Meeting. Antagonism to the proposed work group was one of the major reasons for the failure of the Seattle Ministerial Meeting in 1999. Due to divisive nature of the issue among trade union movements and WTO member countries alike, agenda of protecting core labour standards suffered a sort of paralysis and no significant progress in this regard was made for a long time after 1999.

In the 1990s, national governments usually denied worker rights in the Export Processing Zones on the pretext of development strategies (Ng, 2001:109). As mentioned earlier, ICFTU has long been advocating to recognize a linkage between international trade and labour standards. This linkage is based on premise that trade liberalization undermines labour standards. It provides freedom to multinational companies to become more mobile within various production sites in several locations around the world, looking for geographical locations with lax national legislation or having poor enforcement mechanisms.

In this backdrop, Global Union Federations (GUFs) in particular, and workers and their trade union in general, have been developing a new tool with the aim of improving compliance with core labour standards in a complex context that is characterized by excesses of globalization, laissez-faire states, and toothless ILO that is unable to enforce its core conventions. These are known as International Framework Agreements (IFAs). The IFAs provide an example of trade unions and their GUFs increasing their own strength and capacity to act in the global economy.

International Framework Agreements (IFAs) are the most important and dynamic instruments available to the Global Union Federations (GUFs) and they have been signing these agreements with companies since 1990. Danone and IUF signed the first IFA in 1988. Global Union Federation and trade unions have made use of the corporate social responsibility discourse to develop these instruments. They require companies to provide trustworthy evidence of their social responsibility, cooperating to conclude agreements on global minimum social standards with them. The GUFs want compliance by companies to a minimum set of requirements that include global validity, ILO's core labour conventions, supplier clauses and rule on implementation. They recognize them as international global agreements only when these have been signed by or on behalf of Global Union Federations.

The International Framework Agreements (IFAs) have gained popularity among Global Union Federations (GUFs) in part due to slow progress for the agenda of increasing the effectiveness of the core labour standards. Since the linkage between trade and social standards was cruelly rejected at the WTO, this foreclosed the channel for trade union movement to protect core labour standards. The efforts of international trade union organizations to lobby for stronger protection of core labour standards have received a negative response. Resultantly, GUFs devised alternative strategic options in an effort to build independent strength and capacity of trade unions. International Framework Agreements are an expression of this contribution to build independent power by international trade union organizations.

The IFAs are a product of a particular political and historical context. First, the historic activities of the Global Union Federations make them extremely relevant and appropriate actors in the development of such agreements. They are ideally placed to

contribute to a coordinated trade union response to the increasingly intense transnationalization of capitalism. The greatest possibility of successful negotiation and implementation of IFAs comes from the GUFs. Second, the broader 'trade and labour standards' debate that has occurred at the international level has increased necessity and importance of the framework agreements. Also, the framework agreements are partly a product of the ongoing efforts of the TNCs to make a public case that they are good 'corporate citizens' and are 'socially responsible'.

Firstly, historic role and response of GUFs to various developments at the international level forms the basis of IFAs. The GUFs are "autonomous, self-governing, and democratic organizations, made up of national member unions" (ICFTU 2001: 24). They perform the functions of providing information, leadership training, supporting and coordinating solidarity throughout national unions who are operating in industries that have international operations. Munck (2002: 145) notes that international trade union movement began building 'countervailing labour power against the TNCs from 1960s onwards. The GUFs internationalizing of coordinating efforts coincides with the internationalization of TNCs production and supply chains over this period. One can see IFAs as important that workers and their representatives can utilize to organize to elevate the efficacy of core conventions.

#### **4.3. Evolution of International Framework Agreements**

The birth of IFAs could partly explained by a failure of codes of conduct and partly their genesis could be attributed to the fact that internationally recognized labour standards were accorded recognition and became generally accepted at the international level. The 1998 Declaration on Fundamental Principles and Rights at Work of the ILO and its other work on conventions has given impetus to such recognition.

Inadequate national laws in satisfying international labour standards have also contributed to the development and growth of framework agreements. This frustration and discontent is shared alike in countries such as United States, Australia, India, China, Columbia and Burma. These framework agreements are a means to compel businesses to go over and above their mandatory obligations under their respective national laws.

Through IFAs, one can gauge a corporation's real commitment to corporate social responsibility and these also provide effective means to fulfil the pronounced commitment. Theoretically, IFA have some distinguishing features that give them precedence over corporate codes of conduct. Corporate codes of conduct emanate from unilateral decisions made by upper levels of management. IFAs are based around the European model of social dialogue. IFAs are preferred over corporate codes of conduct because:

- a) IFAs are a product of negotiation between representatives of workers and the company
- b) IFAs serve as an attempt to remedy the content and procedural deficiencies associated with the corporate codes of conduct.

According to the International Federation of Building and Wood Workers (IFBWW), IFAs "constitute a formal recognition of social partnership at the global level" by providing "a global framework for protecting trade union rights and encouraging social dialogue and collective bargaining." The overall objective of an IFA that emanates from social dialogue is to create corporate policies that are based on mutually agreed to principles of corporate social responsibility. According to Amicus the Union, "if done properly, [IFAs] offer a route for protecting and raising labor standards in multinational companies."<sup>20</sup> IG Metall also agrees with the importance of IFA, noting that "[IFAs] are an instrument developed by the unions as a means of securing fundamental workers' rights at all company's production sites around the world."

IFAs constitute a formal recognition of social partnership at the global level and provide a global framework for protecting trade union rights and encouraging social dialogue and collective bargaining. Moreover, IFAs are instrument with the purpose of ensuring fundamental workers' rights. The International Metalworkers' Federation (IMF) explains that an IFA "is a global instrument with the purpose of ensuring fundamental workers' rights ....".<sup>21</sup> IFA contain actual ILO convention numbers in

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<sup>20</sup> Amicus the Union, International Framework Agreements: An Amicus Position Paper.

<sup>21</sup> INT'L METALWORKERS' FED'N, THE POWER OF Framework AGREEMENTS 3 (2003), *available at* <http://www.imfmetal.org/main/files/ENG2.pdf>

the text. It ensures the accurate definition and application of these standards.

Unleashing of the forces of globalization and relatively easy mobility of capital provides and enhanced opportunity to multinational corporations to pit workers in one region of the world against workers in another region. Increased competition among workers for scarce jobs results in ‘race to the bottom’ phenomenon that has spiraling effect. Multinational corporations have not only affected workers in different regions of the world, they also have created direct competition among suppliers as well. IFA serve another purpose of preventing corporations from pitting workers against each other in several regions of the world.

In the current neoliberal capitalism context and heightened pressures of global competitiveness, more and more workers in the multinational companies are being told that national management cannot make decisions (Torres & Gunnes, 2003:6). This implies an increased need for an instrument like IFAs. Dan Gallen, former General Secretary of IUF argued that “the point of international bargaining is to engage the responsibility of the company at the level where decisions are actually made (the same relationship as between local and national bargaining in a national company” Gallen, 2005). There is increasingly important role to be played by GUFs (Wells, 1998:9) and GUFs are positioned in situation to facilitate the growth and implementation of IFAs.

Of the nine Global Union Federations, five (BWI, IndustriALL, UNI, PSI and IUF) have signed 95 International/Global Framework Agreements by June 2012. Education International (EI), International Federation of Journalists (IFJ), International Transport Workers’ Federation (ITF), and International Arts and Entertainment Alliance (IAEA) have not signed any IFA to date. For this study, BWI and IndustriALL have been selected that have collectively signed 54 International Framework Agreements representing 56.8% of the total. The detailed breakup of IFAs is given below in the Table 13.



**Table 13: Break up of IFAs by GUFs**

GUF	Number of Agreements	Jointly Signed Agreements
BWI	13	1 With IndustriALL (Lafarge) 1 With IndustriALL and PSI (GDF Suez)
IndustriALL (ICEM, IMF and ITGLWF formed IndustriALL in June 2012)	41	1 With BWI (Lafarge) 1 With PSI (EDF) 1 With UNI (Inditex) 1 With PSI & BWI (GDF Suez)
IUF	6	
PSI		1 With IndustriALL (EDF) 1 With BWI & IndustriALL (GDF Suez)
UNI	35	1 With IndustriALL (Inditex)
	95	

Source: Author

IndustriALL and BWI represent 62 million (50million by IndustriALL and 12 million by BWI) members respectively. BWI has 350 affiliates in 135 countries whereas IndustriALL claims to have more than 700 affiliates in 140 countries. The details of membership, affiliates by country by GUF are given in the Table 14 below.

**Table 14: Membership, Affiliates and Countries by GUF**

GUF	Membership	No. of Affiliates	Countries	Location of Secretariats/Staff
BWI	12 Million	350	135	Geneva/44 employees
EI	30 Million	401	172	Brussels/61 employees
ICEM	20 Million	401	112	Brussels/20 employees
ITGLWF	10 Million	217	110	Brussels/22 employees
IMF	25 Million	200	100	Geneva/42 employees
ITF	4.5 Million	660	148	London/130 employees
IFJ	600,000	161	117	Brussels/22 employees
IUF	11 Million	330	120	Geneva/65 employees
PSI	20 Million	635	156	Ferney-Voltaire, France/76 employees
UNI	20 Million	900	140	Nyon,

				Switzerland/106 employees
IAEA	800,000	300	70	Brussels/No independent office
IndustriALL <sup>22</sup>	50 Million	700 +	140	Geneva

Source: Muller, Platzer and Rub (2010). "Global Union Federations and Challenges of Globalization", International Policy Analysis, FES

In this section, an attempt is made to analyze these agreements in the light of the interviews conducted by officials at BWI and IndustriALL.

#### 4.4. Aims and Objectives of IFAs

Global Union Federations express their aims and objectives in the text of the agreements. Different objectives have been noted in the agreements by the predecessor GUFs of IndustriALL i.e., ICEM, IMF and ITGLWF. For example, the purpose of the agreements, signed by former ICEM with Rhodia; AngloGold; and Evonik RAG, is to create a channel of information and dialogue.

*"Rhodia and ICEM...are creating a structure for information and reciprocal dialogue and affirming their joint commitment to good industrial and labor practices anywhere in the world the company operates".*

*"AngloGold and ICEM agree to give practical effect to their common interest, and accordingly enter into this agreement to: ...create an effective channel for an ongoing dialogue between them..."*

*One of the aims of the agreement between RAG and ICEM is "to reinforce social dialogue, and the mutual exchange of information..." (ICEM-Anglo Gold IFA<sup>23</sup>)*

IMF considered that the continued globalization of the markets requires a responsibility for multinational companies. The examples include Röchling and Brunel.

Röchling "aims at preventing the irreversible process of globalization..." and "aims at showing the human side of globalization including by creating and safeguarding jobs." (IMF- Röchling GFA)<sup>24</sup>

In the case of Brunel "the parties to this agreement acknowledge that the sectors

<sup>22</sup> IndustriALL has been founded by merger of IMF, ICEM and ITGLWF on 18/06/2012

<sup>23</sup> <http://www.industriall-union.org/anglogold>

<sup>24</sup> <http://www.industriall-union.org/rochling>

within which Brunel operates are characterized by increasing globalization and fierce competition. This means that significant efforts must be made to maintain competitiveness of the different markets. Labour and management representatives must thus work together on an ongoing basis to seek solutions...” (IMF-Brunel GFA)<sup>25</sup>

The agreements signed by BWI most of the times aim at protecting workers’ rights as in the case of its agreements with Italcementi, Skanska, Stabilo, Royal BAM, and Veidekke etc.

*BWI with Italcementi: The agreement is based on the signatories’ joint commitment to respect basic human and trade union rights.*

*Skanska and IFBWW signed an international agreement on workers’ rights, .... Skanska is committing itself to comply with national legislation and all ILO Conventions and Recommendations..... That means for example the right to form trade unions and negotiate collective agreements, the prohibition of slavery and child labour and the promotion of best health and safety measures.*

STABILO commits itself ..... to respect worldwide the fundamental principles and core labour standards of the International Labour Organisation (ILO). The ILO’s four main goals or fundamental principles - elimination of forced labour, abolition of child labour, prohibition of discrimination in the workplace and in employment as well as freedom of association and the right to collective bargaining....”

#### **4.5. What is Meant by IFAs?**

In the research on industrial relations and the general political debate, a document that covers several parties at the international level has to fulfill a certain set of criteria to be categorized as an international framework agreement. There is an increasing amount of literature that deals with international framework agreements. The existing research on IFAs focuses either on case studies of particular agreements (Riisgaard 2005), on specific sectors (Miller 2004) or concentrates on a general analysis of their legal impact (Daugareilh 2005; Sobczak 2006a; Ales et al. 2006). Some studies are based on a theoretical analysis of the texts, their impact on industrial relations, the

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<sup>25</sup> <http://www.industrialunion.org/brunel>

role of the EWC (Moreau 2006) or the link with national trade union strategies. In the literature the following main factors are used to characterize an IFA.

- IFAs are signed by international or European trade union federation and representatives of the multinational company's management. These agreements define certain minimum standards and principles of industrial relations on a transnational scale.
- A unique reference to fundamental social rights as defined by the ILO principles are part of an IFA that includes bans on child and forced labour, principles of non-discrimination, freedom of association and collective bargaining.
- By signing such agreements, multinational companies agree bindingly to enforce labour laws among the different subsidiaries of the company and also to influence their suppliers to accept these rules.
- In all cases, IFAs are based on a previous negotiation and bargaining process between management and trade unions.
- There are provisions for partners to put forward complaints. Many IFAs include dispute settlement procedures involving the social partners. They are given the right of claiming violation of fundamental social rights in subsidiaries and to solve problems internally at an early stage through social dialogue.

#### **4.6. Time Span**

Since the first ever IFA was signed on May 9, 1997 between International Union of Food, Agriculture, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF) and a French based company, Danone, both BWI and IndustriALL have collectively signed 34 IFA between 2000 and 2006. From 2007 to 2012, both these GUFs have signed another 20 such agreements, out of which, four were signed in 2012.<sup>26</sup> There was a flurry of agreements between 2000-2006, but there has been a

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<sup>26</sup> An year-wise list of agreements is given in the Appendix

decrease in the number of agreement signed since 2007 as these two GUFs have signed on 20 agreements between 2007-2012. There are a couple of possible reasons for this slow-down. First, the corporations such as Boeing, Nestle, or Gerdau have not been very enthusiastic about entering into such agreements. Second, GUFs have modified their expectations as a result of the lessons learnt over the initial period of enthusiasm (IUF 2006; Rüb 2006; IMF 2006 and 2007; BWI 2007; UNI 2007).

The changed expectations are based on the premise that the new IFAs should have stronger provisions of implementation and dispute resolution procedures. GUFs also expect the new agreements to facilitate unionization rather than simply consenting to it. Overall scepticism about the earlier IFAs in various business quarters (Marquez 2006; IOE 2005 and 2007; Bradley 2007; Bonini et al 2007) has also put breaks on the pace of IFAs. On balance, however, while the number of new agreements has declined their scope has expanded and a number of agreements have been renegotiated.

#### **4.7. Nomenclature of International Framework Agreements**

Different GUFs use different names for these agreements. The analysis of these 54 agreements by BWI and IndustriALL shows that there is a variety of names used for these agreements. The most common names are ‘Agreement/International Agreement’ (25.9%); ‘Framework Agreement/International Framework Agreements’ (29.6%); and ‘Global Framework Agreement/Global Agreement (20.3%)’. The other names include ‘Declaration/Joint Declaration; ‘Principle’; ‘Guidelines’; ‘Protocols’; ‘Codes of Conduct’; and ‘Terms of Understanding’. The details of the names are given in the Table 15 below.

Different GUFs name their agreements differently. For example Aker, Ford, Italcementi, EADS, Electrolux, Inditex, MAN SE and others call their agreements as IFA. Aker’s IFA is called “International Framework Agreement for the development of good relations in companies that are part of Aker”; Ford’s IFA is known as “IFA on Agreed Upon Social Rights and Social Responsibility Principles”; and Wilkhahn’s IFA is titled as “IFA on Social Responsibility and Promotion of Employees’ Rights”. Similarly, the ones who name their agreements as Global Framework Agreements or Framework Agreements, include Brunel; Lukoil; Mizuno; GDF; AngloGold to name

a few. Brunel has named its agreement as “GFA on Social Responsibility “A commitment to Social Responsibility without borders” and AngloGold uses “Global Agreement on the promotion of good human relations in AngloGold operations worldwide” as title of its agreement.

There is a special significance of the nomenclature of agreements. The interviews with the representatives of GUFs reveal that it is important to name an agreement as a Global Framework Agreement as opposed to joint declaration. It might contain detailed language, but if the name ‘declaration or joint declaration’ or any other name does give an impression that the agreement is weaker.

The respondents of the present study have commented upon the nomenclature of the IFAs.

[TG21.1: Yes, it is important to name it (a framework agreement) a GFA as opposed to joint declaration, I would say, it gives the impression that the language used is detailed.]

[TG21.2: A joint declaration sometimes reflects that nature of the routes that have been taken to reach the agreement. It is not positive in terms of the ingredients to proper implementation because a network must really exist.]

[TG21.3: The less positive route to GFA is when an affiliate in one country, like in Europe, has good relationship with the company management and they unilaterally sign a GFA. That can happen and that is not good.]

[AH21.1: I don't think the names make a difference in itself. But I think it would be good if all of them have the same name if they are what we think of as IFAs. The GUFs now are looking at this together to try to structure the whole IFA business to make sure that everybody knows what we are talking about when we are talking about framework agreements. There should be something standard. The term ‘International Framework Agreement’ was used by the International Metalworkers Federation (IMF). ICEM used global framework agreement. Now they are together and have formed one big organisation IndustriALL and they have decided to go for Global Framework Agreement.]

[AH21.2: I think joint declarations or principles are not good ways of going about it. I think everybody uses the same name if they have same content. The difference between IFA and every other tool of CSR is that a company actually finds a partner that they guarantee these rights for all their workers also in their subsidiaries and they also agree to involve local trade unions and local workers to monitor and oversee developments of the agreement. That is

the major difference between the global framework agreement and any other instrument. And that is also what makes a GFA much more efficient than any other instrument.]

[MH21: It doesn't matter whatever these agreements are called. The most important is a binding agreement between two sides, binding in such a way that the company sticks to the conditions of the agreement.]

[TG21.4: IndustriALL has decided to use 'Global' instead of 'International' in the name of an agreement. "Although, ILO uses 'International' to refer to such agreements, we have reached an important decision to call it (an agreement) 'global' instead of 'international'. That was the terminology used by ICEM in the past, whereas IMF used to use IFA. Now IndustriALL has decided to use GFA because the agreement must cover every worker in every corner of the world within the company operations, wherever they are. May be we can say that the term international can cover various countries, but not every single country around the globe; hence it should Global instead of International]

**Table 15: Names and Number of Framework Agreements**

Name	Number
Agreement/International Agreement	14
International Framework Agreement/Framework Agreement	16
Global Framework Agreement/Global Agreement	11
Declaration/Joint Declaration	5
Principles/Basic Principles	3
Code(s) of Conduct	2
Guidelines	1
Protocol	1
Terms of Understanding	1
Total	54

Source: Author

## **4.8. Substantive Provisions of IFAs**

### **4.8.1. Reference to International Labour Organizations Conventions**

Most of the IFAs (43/54) refer to ILO principles, which confirm their overall objective to promote core labour standards. Since global union federations are signatories to IFAs, the reference to ILO principles strengthens their role as a promoter of labour relations regulations at the international level. Reference to ILO conventions serves as an added value because the conventions impose obligations on the countries that have previously ratified them. If a company refers to the ILO

standards in its IFA, it is automatically committed to promote and effectively implement the given standards.

The model International Framework Agreement (IFA) by International Metalworkers Federation (IMF), while mentioning the responsibilities of enterprises, states:

*“Business enterprises strive to provide a return to their investors, but along with this basic mission goes a social responsibility: to advance the welfare of the societies in which the business implants itself.*

*A minimum requirement for fulfilling this responsibility is safeguarding the environment, observing the core labour standards of the International Labour Organization, and providing decent wages and working conditions for [company] employees. (IMF Model Framework Agreement)<sup>27</sup>*

Usually, an IFA is built around the fundamental principles at work, which are drawn from the eight core Conventions (C. Nos. 87 and 98, 29 and 105, 138 and 182, 100 and 111).<sup>28</sup>

The four fundamental principles are:

- Freedom of Association and the effective recognition of the right to collective bargaining
- The elimination of all forms of forced or compulsory labour
- The effective abolition of child labour
- The elimination of discrimination in respect of employment and occupation

As mentioned earlier an overwhelming majority (79.6%) of the 54 IFAs analyzed, have specifically referred to eight core ILO Conventions whereas, the remaining 20.3% have mentioned ILO conventions partially or generally. Some of the IFAs have gone further to refer to few other ILO conventions. For example, Norske Hydro, Norske Skog, Staedtler, Umicore, Veidekke and VolkerWessels have mentioned ILO

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<sup>27</sup> [http://www.imfmetal.org/files/0505102301487/ifamodel\\_total\\_english.pdf](http://www.imfmetal.org/files/0505102301487/ifamodel_total_english.pdf)

<sup>28</sup> Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87); Right to Organize and Collective Bargaining Convention, 1949 (No 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); The elimination of child labour: Minimum Age Convention, 1973 (No. 138); and Worst Forms of Child Labour Convention, 1999 (No. 182). Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Equal Remuneration Convention, 1951 (No. 100).



Conventions number C135 and C143 as well.<sup>29</sup> Aker, Veidekke and VolkerWessels also refer to the ILO Conventions number C155 and C167.<sup>30</sup> VolkerWessels have referred to eight core conventions, plus C1, C47, C94, C95, C116, C131m C162 besides C135 and C167.

#### **4.8.2. Reference to other International Standards**

While the majority of the IFAs have referred to ILO conventions, most of them refer to the principles of multilateral texts, such as the United Nations Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and United Nations Global Compact.

Of the 54 IFAs reviewed in detail, 22 state to respect the UN Universal Declaration of Human Rights, like in the case of the agreements signed between Veidekke and IFBWW; Aker and IMF; and Eni and ICEM. Of the 54 IFA, 17 refer to respect the ILO Declaration on Fundamental Principles and Rights at Work, such as the agreements signed by Aker, Brunel, EADS, Royal BAM and Stabilo among others. Details are given in Table 16 below.

The ILO Declaration on Fundamental Principles and Rights at Work was adopted in 1998. It was founded on the conviction that social justice is essential to universal and lasting peace, and that economic growth is essential but not sufficient to ensure equity, social progress and the eradication of poverty, confirming the need for the ILO to promote social justice and democratic institutions. It further recalled that the guarantee of fundamental principles and rights at work is of particular significance in that it enables the persons concerned to claim, freely and on the basis of equality of

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<sup>29</sup> ILO Convention (135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking.

ILO Convention (143) concerning Migrations in Abusive Conditions and the Promotion of Equality of Opportunity and Treatment of Migrant Workers.

<sup>30</sup> ILO Convention (155) concerning Occupational Safety and Health and the Working Environment.

ILO Convention (167) concerning the Safety and Health in Construction.

opportunity, their fair share of the wealth they have helped to generate, and to achieve their full human potential. Since this declaration supports the rights of workers, employees and their representatives are always keen on referring to this declaration with regards any development at workplace. It has been observed that one third (31.5%) of the International Framework Agreements analysed here refer to the ILO 1998 Declaration.

The OECD Guidelines were first adopted in 1976. Since then, these have been updated five times, the latest in 2011. The OECD Guidelines are far-reaching recommendations addressed by governments to multinational enterprises operation in or from adhering countries. They provide voluntary principles and standards for responsible business conduct in various areas including employment & industrial relations; human rights, environment; information disclosure; combating bribery; consumer interests; science & technology; competition; and taxation. The areas concerning employment, industrial relations, and human rights are of special interest to both employers and trade unions. That is why 33.3% of the 54 IFAs refer to OECD guidelines. Since majority of the IFAs are signed by GUF with companies headquartered in Europe, the specific mention of OECD Guidelines by one third of IFAs does not come with a surprise.

Almost at the same time when OECD developed its Guidelines for Multinational Enterprises in 1976, ILO's Governing body adopted a Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. It was based on the labour-related and social policy issues concerning the activities of Multinational Enterprises. Some 13% of the IFA refer to this declaration of ILO as well. Examples include IFAs by GDF-Suez, Impreglio, Petrobras, Staedtler etc.

With the initial enthusiasm to join United Nations Global Compact fading after criticism of 'blue washing' inaction, by majority of companies' signatories to the UNGC, in compliance with the ten principles, unsurprisingly, only seven IFAs mention UNGC as guiding principle. These include EADS, EDF, ENI, GDF-Suez, Rhodia, Norske Hydro and Siemens, of which, ENI and Norske Hydro are participants of UNGC.

**Table 16: IFAs and Various Labour Related Standards**

International Standard	International Framework Agreements (n = 54)
ILO Core Conventions	43 (79.6%)
UN Universal Declaration on Human Rights	22 (40.7%)
OECD Guidelines on Multinational Enterprises	18 (33.3%)
ILO Declaration of Fundamental Principles and Rights at Work (ILO-DFPRW)	17 (31.5%)
General/Partial Mention of ILO Conventions	11 (20.3%)
United Nations Global Compact (UNGC)	7 (12.9%)

Source: Author

Strangely, only the IFA by EDF mentions the Declaration on the Elimination of All Form of Discrimination against Women (DEDW) 1967. Although, a sizeable number of women are part of the workforce around the world, yet the mention of a specific declaration for women by a single IFA needs further analysis.

The United Nations, in 1989 adopted the Convention on the Rights of the Child (UNCRC). This convention is the first legally binding international instrument to incorporate the full range of human rights – civil, cultural, economic, political and social rights. It was decided by the leaders of the world that children needed a special convention just for them because people under 18 years old often need special care and protection that adults do not. Although, the ILO's eight core conventions include two conventions about children i.e., C138 and C182, UNCRC by virtue of being legally binding instrument, seems more appropriate convention to be referred to in the International Framework Agreements. Surprisingly, except for EDF, no other IFA refers to UNCRC.

In 2000, United Nations General Assembly recognized the need of an effective international legal instrument against corruption, independent of the United Nations Convention against Transnational Organized Crime. The Convention was adopted by the General Assembly in October 2003 and came into force in December 2005. Since majority of the IFAs (32/54) analysed in this study have been signed by the end of 2005, obviously, there is no mention of this convention in any of these IFAs. However, a Global Framework Agreement between PSA PEUGEOT CITROËN and International Metalworkers' Federation (IMF) refers to the United Nations Convention Against Corruption (UNCAC). Later on, corruption was added as the

tenth principle of the United Nations Global Compact as well. The other IFAs that take into account corruption are Rhodia and Brunel.

During United Nations famous Conference on Environment and Development 1992, commonly known as Rio Conference, as it was held in Rio de Janeiro, adopted a declaration on Environment and Development. The goal of this declaration was to establish a new and equitable global partnership through the creation of new levels of cooperation among states, key sectors of societies and people, working towards international agreements which respect the interests of all and protect the integrity of the global environmental and developmental system.

There are critics of trade unions who blame them of their narrow concern for ‘full-time jobs for full-time men’ (Porrit and Winner, 1988, p:171) and Dauncey (1988) had warned that the decline of trade union membership in Britain would continue if unions continue to be preoccupied with wages and working conditions. However, there is optimism in the form of praise for trade union in the form of advances in the greening of the unions and the centrality to environmental politics of traditional union concerns with health and safety at work.<sup>31</sup> Also, there is a new trend in the form of interest exhibited by trade unions in the climate change campaign that would be discussed in detail in next chapter. The IFAs between PSA Peugeot Citroën and IMF and between Siemens and IndustriALL have mentioned Rio Declaration on Environment and Development.

Besides the reference to ILO Core Conventions in 43% of the IFAs, the other provisions regarding working conditions include reference to employment, wages, hours of work, and employment conditions among others. For example, The BWI-IndustriALL-Lafarge agreement state: “The signatories consider that this agreement is based on the joint commitment to respect human and social rights and to achieve continuous improvement within the areas of working conditions, industrial relations, health and safety standards in the workplace and environmental performance”.

In another example in the case of Veidekke-BWI agreement, the signatories vow that:

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<sup>31</sup> Red Green Study Group, *What on Earth is to be Done?* (Red Green Study Group: Manchester, 1995), p:15

“Employment shall, as a main rule, be based on permanent employment.” In the case of IFA between BWI and Italcementi, it states: “The company shall respect the obligation to all workers under labour and social security laws and regulations arising from the regular employment relationship”.

Approximately 89 % of the IFAs analyzed contain provisions on the prohibition of discrimination and the promotion of diversity, rights of freedom of association, prohibition of child and forced labour. It demonstrates that the fundamental social rights are at the heart of for the parties involved in the elaboration of IFAs.

#### **4.8.3. Hours of Work**

Of the 54 IFAs analyzed, 65% and 70.3% of the IFAs mention about the reasonable hours of work and fair compensation respectively. The provisions concerning wages and working time refer to a national legal framework. However, in some of the IFA, concept of living wage has been used such as in the cases of Aker, Italcementi, Impregilo, Lafarge, Royal BAM and VolkerWessels. Italcementi commits to pay its workers “the wages and benefits for a standard working week that will enable them and their families to enjoy a reasonable standard of living which are more favourable than the minimum conditions established by national legislation or agreements”.

In the case of the Impregilo IFBWW agreement, “Living wages are paid. Workers shall be paid wages and benefits for a standard working week that are at least as favourable as those established by national legislation or agreements...no worker shall be paid less than the legal minimum wage.” The agreement between Veidekke and BWI goes a step further and states “Wages and benefits paid for a standard working week shall at least be sufficient to cover the basic needs of the worker and his or her family.”

#### **4.8.4. Health and Safety Matters**

Health and safety at work is an issue of very special importance. The worst accident at work in Karachi Pakistan in the month of September 2012 speaks volumes about the negligence where more than 250 workers lost their lives. In two third of IFAs (70.4%), there are provisions on Health and Safety. In 22.2% of the IFAs analyzed, the health and safety provisions are further underlined by the inclusion of the

reference to ILO Convention 155<sup>32</sup> for example, in the case of Aker, Impreglio, Italcementi, Lafarge, PSA-Peugeot-Citroën, and Staedtler etc. Aker, Impreglio, Italcementi, Royal BAM, Veidekke and VolkerWessels also refer to ILO Convention 167<sup>33</sup>.

PSA Peugeot Citroën – IMF agreement states that it promotes the actions of healthcare professionals in running informational and preventions campaigns targeting employees in areas such as tobacco use, alcoholism, drug abuse, AIDS and STDs. More or less similar commitment with regards AIDS/HIV is expressed in the IFAs by BMW, Impreglio, Lafarge, Lukoil, Renault, Royal BAM, Staedtler, Veidekke, and VolkerWessels.

The health and safety provisions are particularly prominent in certain sectors. For example, Arcelor, within its Health and Safety provisions, has an objective of zero tolerance of accidents and it also refers to the 2005 ILO Code of practice on safety and health in the iron and steel industry.

#### **4.8.5. Training**

Half of the 54 IFAs reviewed have provisions on training, which are termed as skills training; qualifications; vocational training and qualifications. Various IFAs have different levels for the provisions on training. Some of the IFAs have pretty much elaborate mention of employees training, for example, Ford, GDF, GEA, Lafarge, Peugeot Citroën etc. The Ford-IMF IFA states:

*“Ford promotes and supports appropriate education, training and development of its employees, and will continue to establish beneficial ties with institutions with expertise in this area, such as universities, research and training facilities. Continued dialogue in this area between employee representatives and management assist the early identification of employee adaption needs, ensuring appropriate skills upgrading and improved employability, to meet long-term business requirements”. (Ford-IMF GFA)<sup>34</sup>*

PSA Peugeot Citroën expresses its commitment to training in the following words:

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<sup>32</sup> ILO Convention concerning occupational safety and health and the working environment.

<sup>33</sup> ILO Convention concerning safety and health in construction.

<sup>34</sup> <http://www.industrialunion.org/ford>

*“PSA Peugeot Citroën is committed to developing the skills required through continuing training. PSA Peugeot Citroën agrees to ensure that all employees are given the opportunity to receive training, especially programmes designed to improve skills with a view to increasing the level of mastery of new technologies, equipment, systems and processes. The parties to this agreement agree that vocational training is a tool that enhances equality for all employees, regardless of their gender, origin, initial training completed, health or working conditions or hours. PSA thus agrees to adopt a pro-active policy in this area”. (IMF-PSA Peugeot Citroën GFA)<sup>35</sup>*

The others have cursory mention of training, for example Bosch, Brunel, Daimler Chrysler, Eni, Endesa, etc. For example, in case of Bosch, there is a brief statement in these words:

*“We encourage our associates to train to acquire skills and knowledge and to expand and enhance their professional and specialist know-how”. (IMF-Bosch GFA)<sup>36</sup>*

Similar brief statements are contained in the IFA by Brunel, Daimler Chrysler, Endesa, and Eni etc. Arcelor and EADS support lifelong learning in their agreements. “Arcelor undertakes to develop the skills of each employee, through lifelong learning, thereby enabling him or her to maintain and progress professionally in the job market.” (IMF-Arcelor GFA)<sup>37</sup>

The EADS – IMF agreement states:

*“With a view to maintaining the standards of excellence of its business skills and the know-how of its employees and in order to facilitate the latter’s career advancement, EADS promotes and encourages lifelong continuing training among its employees”. (IMF-EADS IFA)<sup>38</sup>*

#### **4.8.6. Environment Issues**

Environment responsibility is growing in importance in the GUF-company dialogue and in 39% of the IFA examined have a provision on environment.

There are some of the IFAs with very substantial content devoted to environmental issues. For example, Peugeot refers to the Rio Declaration on Environment and

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<sup>35</sup> <http://www.industriall-union.org/psa-peugeot-citroen>

<sup>36</sup> <http://www.industriall-union.org/bosch>

<sup>37</sup> [http://www.imfmetal.org/files/0510111500347/IFA\\_FINAL\\_EN.pdf](http://www.imfmetal.org/files/0510111500347/IFA_FINAL_EN.pdf)

<sup>38</sup> <http://www.industriall-union.org/eads>

Development.

EADS IFA proclaims:

*“Aware that its activities interact with the environment, EADS therefore regards environmental protection as a fundamental part of its corporate social responsibility. Over and above compliance with international, European and national regulations, EADS is committed to continuously improving its environmental impact wherever the Group operates. In this context, EADS is ready to cooperate with the competent public institutions, as appropriate”. (IMF-EADS IFA)<sup>39</sup>*

GDF-Suez mentions climate change resulting from Greenhouse Gas Emissions and suggests promotion of the most efficient technologies for its own and its clients’ plants. It goes on further to commit itself to developing a low-carbon energy mix, and encourages research and development as well as the use of economic and other tools available at European and international level. It also actively supports “Just Transition” principles. GDF-Suez vows to continue to use tools to prevent or reduce known and identified risks. In addition, it has a policy for ecological management of waste generated by its plants. It also endeavors to preserve natural resources and protect biodiversity.

Others, such as Arcelor, establish the environment as a main focus and priority. For Röchling, “the protection of the environment and improvement in living and environmental conditions are important company objectives...”.<sup>40</sup>

#### **4.8.7. Extension of IFAs to Business Partners**

Approximately 68.5% of the IFAs contain provisions concerning business partners and extend coverage to suppliers and subcontractors as well. There are three levels with regards the coverage of suppliers and subcontractors. The first level mentions only a level of information, where suppliers and business partners are informed and notified of the criteria. At the second level relatively stricter commitment is mentioned where suppliers and subcontractors are encouraged to comply with provisions. At the third level are those IFA that make it mandatory for suppliers and subcontractors to comply with the provisions of the IFA and there is a sanction to

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<sup>39</sup> <http://www.industrialunion.org/eads>

<sup>40</sup> [http://www.imfmetal.org/files/0508151616477/ifa\\_roechling\\_eng.pdf](http://www.imfmetal.org/files/0508151616477/ifa_roechling_eng.pdf)



sever relations in case of a violation is observed.

The example of very soft mention with regards the suppliers and subcontractors is of Skanska Group where “Skanska and IFBWW consider it important that the contents of the agreement be announced at the company’s work site in the respective languages on the different work sites. Suppliers should also be informed of the agreement”.<sup>41</sup>

The other IFAs that have similar soft language about the suppliers and subcontractors include BMW, Umicore, SKF, Röchling, Norske Hydro, Norske Skog, and Lukoil. Some of the examples are given in the Table 17 below.

**Table 17: IFAs and Extension of Provisions to Suppliers and Subcontractors**

IFA	Soft Statement about suppliers/subcontractors
BMW-IMF	The BMW Group's business partners and suppliers will be <b>encouraged</b> to introduce comparable principles in their corporate structures and to apply them in the context of their own corporate policy. The BMW Group <b>expects</b> its business partners and suppliers to use these principles as a basis in their mutual dealings and regards them as a suitable criterion for lasting business relationships.
Umicore-ICEM	Umicore supports and <b>expressly encourages</b> its business partners (subcontractors and suppliers) to take into account and apply the ILO Core Labour Standards in their own corporate policy.
SKF-IMF	SKF <b>encourages</b> its suppliers to adhere to similar codes of conduct
Röchling-IMF	Röchling KG <b>expressly supports and encourages</b> its business partners to apply and take into account the agreed-upon principles in their respective company policy.
Norske Hydro-IndustriALL	Hydro <b>supports and encourages</b> its contractors, suppliers and customers to take the principles set out in the Agreement into consideration when developing or implementing their own corporate policies.
Norske Skog-ICEM	Norske Skog will <b>notify</b> its subcontractors and suppliers of this agreement and <b>encourage</b> compliance with the standards...
Lukoil-ICEM	LUKOIL will notify its contractors, licensees and major suppliers of the existence of the Agreement and <b>encourage</b> them to comply with the standards and principles contained within it.
EADS-IMF	Fostering a mutually beneficial relationship with its suppliers, EADS aims to integrate them into its ethical approach to business. Compliance with EADS standards serves as a criterion for selecting suppliers. EADS therefore <b>expects</b> all its suppliers to recognise and apply the principles of this framework agreement and <b>encourages</b> them to introduce and implement equivalent principles in their own companies.

Source: Author

The second set of IFAs has suggestive language used when they refer the application

<sup>41</sup> <http://www.bwint.org/default.asp?index=43&Language=EN>

of the agreement provisions to suppliers and subcontractors. These include Electrolux, Ballast Nedam and Stabilo. For example, Electrolux states:

*“Suppliers shall agree to comply with the Electrolux Workplace Code of Conduct”*. (BWI-Ballast Nedam IFA)<sup>42</sup>

Ballast Nedam requires that its contractual partners shall support this agreement and shall also ensure that it is adhered to by any of their contractual partners who are in any way active in connection with the business activities of Ballast Nedam.

Stabilo-IFBWW states:

*“the company...expects of its suppliers to apply similar principles and regards this as being a basis for any enduring business partnership”*. (BWI-Stabilo IFA)<sup>43</sup>

Italcementi IFA states:

*“This agreement relates to all Italcementi Group operations. The Italcementi Group will secure compliance with the principles set out in this agreement and commits itself to promote the same principles with its subsidiaries, contractors, subcontractors and suppliers”*. (BWI-Italcementi IFA)<sup>44</sup>

Some of the IFAs contain provisions that are so vague that it is difficult to determine what the intent of the language is. For example, Volkswagen's IFA links coverage to reflect its own "corporate policy". Some, including Arcelor, BMW, and Prym, merely encourage their "contractors and suppliers" to "take the agreement into consideration in their own company [policies].

The third set of IFAs has pretty much strong language and warns the partners, suppliers and subcontractors to sever relations in case of non-compliance with regards workers' rights. For example, Ford, while encourages business partners to adopt and enforce similar policies to those contained in these Principles, as the basis for establishing mutual and durable business relationships, goes on further and commits itself to conduct assessments of selected existing and prospective Tier 1 suppliers in multiple countries and analyze how suppliers and partners are meeting legal requirements and Ford's expectations. Some of the statements in various IFAs are

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<sup>42</sup> <http://www.bwint.org/default.asp?index=42&Language=EN>

<sup>43</sup> <http://www.bwint.org/default.asp?index=76&Language=EN>

<sup>44</sup> [http://www.bwint.org/pdfs/0237\\_001.pdf](http://www.bwint.org/pdfs/0237_001.pdf)

given below in the table.

Another example of perhaps the strongest language regarding suppliers is contained in the IFA by PSA Peugeot Citroën. This IFA states:

*“suppliers are "require[d]" to "make similar commitments with regard to their respective suppliers and subcontractors.”<sup>45</sup>*

The Peugeot IFA goes further to state:

*“When requesting quotes from suppliers, PSA Peugeot Citroën agrees to assure that compliance with human rights . . . is a determining factor in the selection of suppliers for the panel .... Any failure to comply with human rights requirements will result in a warning from PSA PEUGOT CITROËN and a plan of corrective measures must be drawn up. Non-compliance with these requirements will result in sanctions including withdrawal from the supplier panel”.*<sup>46</sup>

Some examples of different language used in the IFAs are given in the Table 18 below.

**Table 18: Examples of Strong Language Used in IFAs**

Faber-Castell-BWI	It is the objective of Faber-Castell to only co-operate with contractors, sub-contractors and suppliers who themselves recognize and implement the standards and recommendations (no. 2) quoted above. When drawing up a contract with a supplier, Faber-Castell shall include a self-assessment made up by the supplier in the supplier rating. In addition, the responsible staff of the purchasing department shall undergo further advanced training in this respect. On a long-term basis, it is our intention to also apply our internal, multistage monitoring procedure to the suppliers.
Hochtief-BWI	Hochtief “requires that its contractual partners shall support this Code of Conduct and shall also ensure that it is adhered to by any of their contractual partners who are in any way active in connection with the business activity of Hochtief.
Lafarge-BWI-ICEM	Lafarge will seek to use the services of those trading partners, subcontractors and suppliers, which recognise and implement the principles.....
Eni-ICEM	With regard to activities assigned to contractors, Eni shall formulate suitable <b>guarantees against possible violations</b> within the framework of existing contractual relations.
Brunel-IMF	While Brunel cannot take legal responsibility for its suppliers and subcontractors, the corporation will transmit this agreement to the companies concerned and request that they adhere to the international agreements of the ILO mentioned previously. <b>Non-compliance with these requirements will result in sanctions including withdrawal from future contracts.</b>
Royal BAM-BWI	Royal BAM Group nv considers the respect for workers' rights to be crucial element in sustainable development and will therefore <b>refrain from using</b> the services of those trading partners, subcontractors and suppliers, which do not

<sup>45</sup> Op cit

<sup>46</sup> Op cit

	respect the criteria listed above.
Impreglio-BWI	Impregilo S.p.A. considers the respect for workers rights to be a crucial element in sustainable development and will therefore <b>engage only</b> those contractors, subcontractors and suppliers, which recognise and respect the criteria listed above.
Bosch-IMF	Bosch <b>will not work</b> with any suppliers who have demonstrably failed to comply with basic ILO labor standards.

Source: Author

Note: Emphasis own

#### 4.8.8. Enforcement

Companies and Global Union Federations enter into a contractual relationship through IFAs and accord mutual recognition to the agreement, set binding standards regarding the ILO Core Labor Standards and other ILO Conventions, provide mechanisms of monitoring and conflict resolution, and define the scope of validity. There are examples where the local demands were interlinked with transnational forms of unionism and proved a collective voice of workers into the corporate web of power (Amoore 2002: 128).

The International Framework Agreements have no legal enforcement mechanisms existing at the global level. The enforcement of IFA provisions relies solely on the capacity and strength of unions to compel companies to resolve complaints.

The analysis of the IFAs by BWI and IndustriALL reveal that 21 out of 54 IFAs have not mentioned any mechanism of dispute resolution. Such a high percentage (38.9%) of IFAs ignoring an important provision speaks volumes about the enforcement of IFAs.

Of the 33 IFA that contain provisions for dispute resolution, there are 12 IFAs that have elaborate provisions for dispute resolution. For example, in the case of GDF-Suez, in the event of a complaint or an alleged violation of the agreement, as a first step, complaint will be raised with the local site management. Workers may seek trade union representation. If there is no solution, it should be referred to the appropriate national union. If there are any infractions which could not be resolved through discussion at the workplace or national level will be addressed by the signatories to the agreement in close cooperation with the GUF affiliates in the

country concerned and will be reported to the responsible manager. It has the provision of informal discussions to resolve conflicts at local or national level. If still there is no agreement, the signatories may seek mediation based on agreement on selection of the mediator by parties. The other examples of IFAs with elaborate provisions regarding conflicts include Aker, Bosch, Daimler-Chrysler, Norske Hydro, Norske Skog to name a few.

There are others that allude to dispute resolution in the text of the IFAs. Some of these include Brunel, Freudenberg, GEA, and Impreglio. For example, in the case of the IFA by GEA, it states:

*“All signatories agree that any difference arising from the interpretation or implementation of this agreement will be examined jointly, for the purpose of making recommendations to the signatories concerned”.* (IMF-GEA IFA)<sup>47</sup>

In the case of Petrobras, following is the provision on dispute resolution:

*“Petrobras and ICEM agree that they will both be available continuously to administer and inform on any problem encountered in the application of the present terms and to develop the best solutions”.* (ICEM-Petrobras IFA)<sup>48</sup>

There are very few instances where complaints have been raised under an IFA, and even fewer where they have been resolved. Much of the complaints have been experienced in the case of Daimler-Chrysler and its operations around the world. There have been ten concrete cases of violations, with seven of them relating to suppliers and three to dealers. Most of the complaints relate to breaches of the IFA provisions on freedom of association and the right to collective bargaining.

The procedure of conflict resolution at Daimler-Chrysler is such that complaints are channeled to Daimler-Chrysler World Employee Committee (WEC). All cases so far have been settled by means of a procedure involving:

- Indication of the alleged violations to DaimlerChrysler management,
- Examination by Daimler-Chrysler management,
- Letter to the supplier, asking for examination and compliance with the IFA, and
- In some cases local solidarity actions.

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<sup>47</sup> <http://www.industrialunion.org/gea>

<sup>48</sup> <http://www.industrialunion.org/petrobras>

In the case of dispute at Ditas, a Turkish supplier to Daimler-Chrysler, ILO Conventions 87 on freedom of association and ILO Convention 98 on the right to organize were breached. Workers at Ditas took industrial action and the WEC wrote a letter to management about the breach. This process played a significant role in a negotiated settlement. In another case, in Brazil, eight suppliers have been replaced because of the pressure exerted by unions on the company to enforce the IFA.

Lafarge, the French Cement Company has its operations in the United States as well. Its local management cut health care benefits for employees and retirees. The local union tried to persuade the company to annul the measure, but these efforts did not materialize. The local union adopted a different strategy and joined other unions to form the North American Cement and Building Materials Union Network. Since Lafarge has signed an IFA jointly with the Building and Woodworkers International (BWI) and the International Federation of Chemical, Energy, Mine, and General Workers' Unions (ICEM). These GUFs supported the Network and invoked the IFA and presented the union position on the dispute to Lafarge management in Paris. This coordinated effort of these two GUFs resulted in resumption of talks and restoration of full health care benefits for retirees and a delay in cutbacks for new employees until 2012.

The local trade union at the Mercedes truck and bus plant of Daimler AG in San Bernardo, Brazil, protested against the dismissal of union members at two local plants of suppliers. Since Daimler has signed an IFA with IMF in 2002, the local trade union invoked the said IFA and successfully resolved the matter and got the members reinstated (Fichter and Helfen 2011). The other cases where the IFA were successfully invoked include the IFAs by G4S, Chiquita and Telefonica.<sup>49</sup>

Having analysed the global framework agreements negotiated by BWI and IndustriALL and the general discussion about the evolution and growth of GFA, it is concluded that Global Union Federations feel a need of some sort of a mechanism available at the global level that ensures protection of the rights of workers. The

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<sup>49</sup> These IFAs are not included in the 54 sampled IFAs by BWI and IndustriALL.

power of enterprises that operate at the global level is very high and it is not possible for trade unions at the national level to engage with the big companies. These big companies have huge amount of resources and national trade unions are no match to the power of these international business players. The movement of civil society to bring to the light the excesses of the larger businesses has a positive impact as this movement has compelled the businesses to at least come up with a response. Although, the response is not ideal because the companies initially have tried to brush the things under carpet, and when it became inevitable, they have come up with the voluntary mechanisms to show the world that they care about the society and environment. However, even if the companies have started their social interventions, firstly, these interventions are not enough, as the problem is big. Secondly, the issues that the businesses are addressing under the guise of CSR include everything except the acknowledgement of the rights of their most important stakeholder i.e., workers.

Here comes the role of Global Union Federations to negotiate framework agreements with the employers. The GUFs are utilising this opportunity, which is evident from the fact that 95 agreements have been signed to date. As the study had proposed at the outset that trade unions are motivated to engage with businesses using CSR as vehicle, evidence suggests that the trade unions are using GFA as a mechanism of global governance.

Businesses have responded to the criticism of their irresponsible behaviour by coming up with unilaterally developed codes of conduct, which are based on the whims of the management. With the exception of very few examples, the rest of the codes have ignored any participation and have failed to seek any input from workers or their representatives. Furthermore, these codes of conduct are not binding and are self-serving the businesses in improving their image in the eyes of the consumers. Wherever the stakeholders are consulted, their feedback is not incorporated and reflected in company policies. Multistakeholder codes were a step further to incorporate some of the voice of the workers, yet they too have not delivered due to lack of monitoring mechanisms. Trade unions are of the opinion that there is no other best monitor than trade union members as they are present at the workplaces and are in a better position to be discharged with the duties of monitoring and oversight. Due

to globalisation and other developments such as the macroeconomic climate, shifting pattern of jobs and relative ease with which capital can move to places where there are lax political regimes, it is becoming difficult for trade unions at the national level to match the might of businesses. Global businesses have to be dealt with at the global level and there are no other global legal jurisdictions of any global body, it becomes necessary to have some form of global governance, for which only companies should not be entrusted. In this backdrop, Global Framework Agreements are useful instruments available to global representatives of the workers i.e., Global Union Federations. If the GFA are negotiated through a proper process of negotiation, and if these have strong mechanisms of enforcement, these could benefit workers in terms of safeguarding their rights. The respondents of the present study have shared some instances where the GFA signed by companies have been successfully invoked to protect workers' rights. There is still a need to do more homework before signing an agreement, as it is not a statement of two parties to bolster their image, rather it is a sacred document and all the negotiated clauses should be adhered to.

#### **4.9. Summary**

Evidence suggests that industrialisation contributes to growth of strong trade unions. It is also argued that there is wage differential among union and non-union workers with an average wage differential of 15%. If industrialisation was fruitful for trade unions, by same corollary, decline in industrial production has been detrimental to trade union movement. Displacement of manufacturing jobs by private service sector jobs causes problems for trade unions.

Economic globalisation has brought in its wake a governance gap and nation states have failed to regulate businesses optimally. Incapacity of state has frustrated the general civil society and has compelled it to engage directly with the companies. This engagement has been observed in the shape of confrontational tactics, be it at Seattle or Davos, Nairobi or Porto Allegre, civil society has started to take stock of corporate excesses. CSR is seen as a response to such actions on the part of civil society and businesses have increasingly started embarking upon a path to pose as if they are socially responsible.



Critics of CSR term it as a private attempt to pre-empt regulation and it is argued that CSR and other such initiatives dilute hard law. However, there are academics and practitioners who are convinced that CSR initiatives could possibly pave the way for hard law. There is a range of CSR programmes, some of which are independently developed by companies, yet others are an outcome of process of dialogue having participation of wider stakeholder.

Research has documented evidence that workers are interested in the narrow interests such as better pay and working conditions, involvement in decision making and shield against the arbitrary decisions of the employer. The trade unions that engage successfully with employers and get concessions for workers, those are popular among workers and the trade unions that fail on this count are dumped by workers.

Corporate codes of are devised unilaterally by businesses without any input from the workers, hence there is animosity against them. Workers feel that these codes mislead conscious-laden customers who otherwise might boycott goods produced by irresponsible companies. Moreover, there is increasing convergence of state policies with private corporate goals. This results in compromising international labour standards. Although, states are backtracking, yet they have an important role to play in regulating the behaviour of business because there is ample evidence of violations of workers' rights from around the world.

Neither states, nor the international organisations could be given the entire responsibility to ensure protection of workers' rights. Because states are lax in putting weight on the labour side and ILO lacks teeth as it cannot compel the countries that ratify labour standards to implement them properly. At the national level trade unions are best suited to struggle for workers' rights, yet they have their limitations as the business has now spread beyond borders courtesy footloose capital.

As the famous saying suggests 'do not to put all your eggs in one basket', trade unions are looking for other mechanisms to ensure rights of workers are protected. That is why due to the international nature of the problem, global solutions are required and efforts of Global Union Federations in terms of engagement with employers through framework agreements are a welcome step.

GUF are important coordinating bodies at the international level. Though they are working with the very powerful business and face serious challenges due to the fact that they are not operating in a level playing field, yet they can perform several functions. These include, defence of existing rights, creation of new rights, development of union capacities through educational and training programmes.

Organised labour has tried several options to protect existing rights and gain more concession and one such effort is their struggle to link labour standards with trade negotiations. They have tried to use the platform of WTO but after a long drawn battle have failed to convince businesses to accept the linkage between trade and labour standard.

At the same time when trade union were struggling to impress trade negotiators to add social clause in the WTO agreements, they started experimentation with another instrument i.e., International/Global Framework Agreements. The present study has analysed global framework agreements by two of the nine Global Union Federations i.e., BWI and IndustriALL as these two GUFs have collectively signed 54% of the total Global Framework Agreements signed so far.

It is observed that approximately 63 per cent of these agreements were signed over six years period during 2000 to 2006. Slow pace afterwards is attributed to lack of interest by very big companies such as Boeing and Nestle etc. GUFs are showing restraint themselves as they have learnt lessons from their initial experience and want to modify their expectations and have been trying to incorporate those expectations into newly negotiated GFA.

There are several names used for these framework agreements including framework agreements, international agreements, declarations, principles and even in one case, code of conduct. The discussion with the respondents for this study informs that there is special significance of the nomenclature of these agreements. For example, it is important to name an agreement as agreement instead of a joint declaration as the latter has weak connotations. Similarly, the agreement should be named as Global

Framework Agreement rather than International Framework Agreement as these agreements are meant to cover every worker on earth, whereas 'International' attachment to the name of agreement limits its scope.

GFA cover several issues, which include reference to ILO Conventions, other international standards, hours of work, health and safety, training, coverage of subcontractors, environmental issues, and enforcement.

Based on the general nature of GFAs, and the analysis of the agreements by BWI and IndustriALL, it is concluded that the GUFs feel a genuine need of a governing mechanism at the global level to deal with the global businesses and the efforts of GUFs in signing GFAs is one such effort. It is yet to be seen how much gains accrue to the trade unions.

## Chapter 5: Climate Change and Trade Unions<sup>50</sup>

Chapter 5 deals with a new item i.e., climate change on the agenda of trade unions as it is argued that trade unions might use climate change as another lever and try shpaing up the workplace agenda. The specific aims of the chapter are:

1. The impacts of climate change on employment
2. The employment spectes of climate change adaptation
3. The effects of mitigation on employment
4. Climate change as trade union agenda
5. Just transition
6. One million climate jobs
7. Role of environmental representative in the workplace climate change agenda

Climate change is an emerging area for trade unions and is seen in terms of expansion in the trade union workplace agenda. Notwithstanding the importance of traditional trade union agenda, based more or less on a servicing model of trade unions, climate change provides an opportunity to increase its outreach to the workers and also have the potential to bring members into close association, with whom there is an otherwise arms length relationship. This is especially true with the army of young workers who form lowest group in terms of trade union membership. Involvement of trade unions in climate change issues will help trade unions to increase their appeal to young members as:

*“A lot of young people are interested in the climate change issues because obviously, they and their children are the ones who would suffer the most due to climate change catastrophes. I think reaching out to younger workers would be a significant advantage for trade unions.” (Interview Transcript, Academic Activist)*

As mentioned elsewhere in this study, trade unions are facing a deficit in terms of their say in the workplace and employers have distanced themselves from the organised labour representatives. In climate change, there is a promise for trade unions to increase their leverage through partnerships with employers around issues of common concern, trade unions can win the employers over to them by suggesting solutions on the issues related to energy costs and other expenses that could be

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<sup>50</sup> This chapter draws upon our discussion with one official of trade union and another member of trade union. The member of trade union spoke in his personal capacity. Publicly available documents of UK trade unions and global union federation have also been utilized to conduct this analysis.

minimised with their help. Trade union engagement in environment and climate change is also in line with the proposition of proactive stance taken by trade unions. After initial reticence and reluctance about CSR, trade unions have demonstrated their desire play a proactive role in shaping workplace agenda and by corollary the industrial relations.

**Box 1: OUR Walmart, an example of proactive engagement by labour**

Walmart is the largest private employer in the U.S., with nearly 1.4 million workers in 4,602 stores. The company operates in 26 other countries, employing an additional 780,000 people. Various unions such as Retail Clerks International Union, Teamsters Union and United Food and Commercial Workers International Union have tried to unionise Walmart but these efforts were defeated by the management.

Despite all the unsuccessful efforts, a new form of labour organising, Organisation United for Respect at Walmart (OUR Walmart) has successfully organised workers. OUR Walmart's goals are to provide a voice on issues of concern to company employees, to engage in collective actions including nonunion strikes and to redress grievance. Such activities are protected by Federal Labour Law, although the group is not an officially-certified union and cannot bargain contracts on behalf of Walmart employees.

### **5.1. The Impacts of Climate Change on Employment**

The following statement by International Trade Union Confederation (ITUC) speaks volumes about the interest of organized labour in climate change issues.

*“Climate policies provide an opportunity for restoring hope, repairing and rebuilding national economies on a sustainable basis and creating jobs while reducing GHG emissions. Trade unions are working around the world to realise the huge opportunities for “green and decent” job creation stemming from this global transformation and, importantly, for improving traditional jobs to make them socially and environmentally sustainable. Ambitious*

*national and international collective bargaining strategies could realize workers' and enterprises' potential while delivering environmentally friendly outcomes". (ITUC, 2009)<sup>51</sup>*

Although, research on global warming informs a rise in temperature, yet its impacts in the short to medium term will be moderate, hence temperature aspect of climate change is not imminent and it won't affect employment in the short run. Employment would be affected by extreme weather events such as droughts, cyclones and/or floods. The effect of these events would also be gradual such as sea level rise. Both urban and rural employment would be affected by extreme weather events. In the urban areas, employment would be affected due to damage to communication, industrial infrastructures and settlements affects. These would hamper the ability of workers to commute and/or to find alternatives when workplaces have to close. A recent example of such effects is devastation of New Orleans by Hurricane Katrina that resulted in the loss of about 40,000 jobs.

Similarly, rural employment will also be affected by climate change. Losses to crops would have adverse employment effects, especially for seasonal jobs that depend on harvesting and crop processing. The recent example of such a devastating impact of weather event is from Pakistan where not only there was heavy death toll, but almost 17 million acres of farmland had been flooded and billions of dollars' worth of crops and livestock destroyed. This destruction is particularly significant in a country where two-thirds of the 180 million inhabitants are in agriculture-related work (Karamat, 2010).

Before embarking upon exploring the link between climate change effects and employment, it is pertinent here to look at some regional cases. In Europe, agriculture, tourism, insurance, forestry, fisheries, infrastructure and energy were identified as highly vulnerable to the direct effects of climate change due to their dependence on regular climate conditions (ETUC, 2006). Table 19 below includes some of the potential direct effects of climate change in Europe. It ranges from low impact in Southern Europe and other fisheries communities to medium and high in mid and high latitude regions.

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<sup>51</sup> Trade Union Statement to COP15, United Nations Framework Convention on Climate Change – UNFCCC, Copenhagen, Denmark (7-18 December, 2009)

**Table 19: Potential direct effects of climate change on economic activity and employment in Europe**

Geographical location	Main climatic drivers	Expected effects on economic activity and employment	Level of Confidence
Mid-and-high latitude regions	Rising temperature, high atmospheric CO2 concentration	Positive impact on agricultural Productivity  Positive impact on employment overall	Medium/High
Southern Europe	Rising temperature	Negative impact on livestock productivity and employment.	Low
Mediterranean regions	Higher fire risk due to rising temperature and droughts	Negative impact on forestry productivity and employment.	Medium
General	Increase in frequency and intensity of extreme weather events	Negative impact on agricultural and forestry productivity, and employment	Medium/Low
Fisheries communities (Iceland, Baltic Sea, Spanish and Portuguese coast notably)	Changes in sea surface temperature, wind regime, water runoff, ice melt, or marine currents	Mix of negative and positive impacts on fisheries productivity and employment depending on the region. Shifts in maritime industries, e.g. in the Arctic.	Low

Source: (ETUC, 2006)

## 5.2. The Employment Aspects of Climate Change Adaptation

The question remains to be answered as to whether measures aimed at protecting populations from climate change protect workers from job losses. Adaptation policies in terms of their positive effects on employment include the policies avoiding job losses by changing the element in production affected by climate change (i.e. changing crops) and policies creating jobs by preparing economies for climate change, engaging in labour-intensive projects. Since our analysis is concerned with the second type of policies, we will pursue it further.

## 5.3. The effects of mitigation on employment

A study on green jobs (UNEP, ILO, IOE and ITUC, 2008) has identified four impacts of climate change on labour markets. These impacts include job creation, job

substitution, job elimination and transformation and redefinition of jobs. Kammen, et. al. (2004) argue the labour intensity of low-carbon options in energy efficiency, power generation and transport sector, vis-à-vis their high-carbon and currently used alternatives.

UNEP, ILO, IOE and ITUC, (2008) and ETUC (2006), have emphasized the job creation potential of mitigation in a certain number of sectors. Pollin and Wicks-Lim (2008) have shown ambitious mitigation framework's employment generation potential across a certain number of sectors. Between 2006 and 2008, employment in green economic activities grew at an annual rate of 7.9 per cent. At the same time, employment in economic activities producing oils based on renewable resources grew at an annual rate of 15.7 per cent (Caruso, 2010).

The expansion of alternative energies i.e., renewable energies such as solar, wind, geothermal and agroenergy will have a positive impact on employment. According to UNEP, ILO, IOE and ITUC, (2008), manufacture, installation and maintenance of solar panels is expected to create 6.3 million jobs by 2030 globally, whereas wind power should create more than 2 million jobs. The IEA estimates suggest that for every billion dollars invested in clean energy technology, 30,000 new jobs will be created (IEA, 2009). Kammen et. al., (2004) found that the renewable energy sector generated more jobs than fossil fuel-based energy sector per unit of energy delivered.

These mitigation efforts would create increased demand for labour over and above available supply. These labour shortages would probably vanish if ambitious training and education programmes were put in place. If these deficiencies are anticipated and addressed, the renewable sector promises huge employment potential. The latest data available for Spain, for example, shows that the wind sector alone has created 95,000 new jobs (24,000 direct jobs and 71,000 indirect jobs) driven by the domestic component associated with design, production and assembling processes (Sanchez Lopez, 2006).

Since conventional forms of energy use fossil fuels and are becoming less and less popular, there is a growing interest in alternative sources of energy, according to an estimate (UNEP, ILO, IOE and ITUC, 2008), there is potential of 2.1 million jobs to



be created in wind energy production, 6.3 million in solar photovoltaic and 12 million in biofuels-related agriculture and industry by 2030. Agroenergy production equally holds very high job creation potential. A study of Brazil identifies several reasons why ethanol production is a huge opportunity for job creation (IAEA, 2006). Mitigation measures in transport sector also have potential of job creation. Litman (2009) has found that in the United States, a billion dollars spent on public transport generates around 36,000 jobs, which is 9 per cent and 17 per cent higher than the job creation potential from road maintenance and new roadway projects respectively.

The Fridtjof Nansen Institute (FNI) carried out a survey in cooperation with the Stockholm Environmental Institute and is part of the larger EU-financed research project Rhetoric and Realities: Analysing Corporate Social Responsibility in Europe (RARE). The survey is based on replies received from nine oil companies operating in Europe: BP, Shell, Total, Repsol, Statoil, Hydro, Amerada Hess, Orlen and Talisman. The survey of oil companies operating in Europe found their Corporate Social Responsibility (CSR) policies improving and relatively advanced, with climate change mitigation being seen by the companies as their foremost strategic issue.

"The most interesting finding is that the European oil companies now clearly have come to view climate change mitigation as the most important social and environmental issue confronting the industry," says Elin Lerum Boasson, lead author of the survey and a Research Fellow with FNI.

#### **5.4. Is Climate Change a Trade Union Issue?**

Trade unions have been involved in the climate change for quite a number of years. In as early as 1957, the shop workers' union put a motion to the Trades Union Congress (TUC) and called for boilers, furnaces and motors to be redesigned "to prevent poisoning of atmosphere." The TUC organised a conference of workers on the issue of environment in 1972 with an attendance of over 35 trade unions. Through a motion passed by the TUC in 1990 the issue of global warming and ensuing dangers to the people of the world were raised. In recent developments, The Public Services and Commercial Union (PCS) held a staff environment open day over two hundred members of staff attended the event. The PCS now has over eighty environmental representatives.

Tony Kearns, the Senior Deputy General Secretary of the Communication Workers Union (CWU) is of the view that presently the trade unionists are split into two camps, with one convinced of the dangers that climate change poses, whereas the other who do not believe in the effects of global warming or are pretending it isn't happening. But he hopes that everyone would be convinced because as the climate changes and as resources dry up the nature of work and employment will change across the planet. The trade unions that are turning a blind eye now will have to get involved at some stage.<sup>52</sup> He terms the trade unionists as 'second eleven of the champions of capitalism' because of their protectionism when it comes to the creation and protection of jobs at all costs. He goes on further to state the climate change is a trade union issue as workers are producers of carbon emission, 'not by will but by default'. Tony Kearns quotes a survey where the young trade union members were asked about the issues that they were concerned about. Surprisingly, the second most important issue cited by trade union members under the age of thirty was environment, housing being the first issue and not the wages, working hours or bosses.

*"Issues to do with the environment and climate change have been rising up the agenda of governments, large and small companies and unions in recent years. In 2006 the Stern Review prompted many to take the issue much more seriously. The report estimated that climate change could, in time, cause a 5 to 10% drop in global GDP. As the UK's largest union, Unite has grasped the need to engage with the climate change debate and to shape environmental policy and practice". (Peter Skyte, National Officer, Unite – The Union)<sup>53</sup>*

In early 2008, Unite – The Union conducted an email survey to ask from Electrical Engineering, Electronics and IT (EEEIT) Sector members about their views on climate change and to discern what was being done in workplaces to cut emissions. The survey elicited approximately 450 responses from representatives, stewards and members based across the UK in a wide cross section of companies. The survey suggested that a majority of Unite members in the EEEIT sector are highly educated about climate change and the environment and can identify the environmental

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<sup>52</sup> <http://climateandcapitalism.com/2008/02/23/climate-change-is-a-trade-union-issue>

<sup>53</sup> How Green is My Workplace: A Guide for Unite Members and Representatives in the Electrical Engineering, Electronics and IT Sector.

inefficiencies that exist in their workplace. A majority of respondents believed that unions should be doing more to tackle climate change and should be making interventions in workplaces to improve environmental policies. An overwhelming majority of respondents appeared to be aware of the pressing need to engage with climate change issues and recognised the convergence between environmental policies and pro-worker policies.

How Green is My Workplace: A Guide for Unite Members and Representatives in the Electrical Engineering, Electronics and IT Sector, developed by Unite has documented some of the efforts of the Unite's members at various companies with regards their climate change interventions at their workplaces. The examples include the campaigning by Unite members at EDS, Cummins, CSC, MISYS, Areva, Panasonic, Fujitsu, Ericsson, and Eaton Electric. Even if these efforts might be small, yet they exhibit the concern shown by trade union members.

A couple of statements by leading trade union leaders testify the importance of climate change for trade unions.

*“Climate change and environmental destruction are key issues that will impact on the union’s membership and their families across all sectors throughout this century and beyond according to the vast majority of scientific opinion.”( Unite/Amicus National Executive, 2007)*

*“It is within our gift, within this generation, to either save or destroy the planet we live on. It all boils down to the choices we make now.” Frances O’Grady TUC Deputy General Secretary.*

Since the workplaces where trade unions operate to organise or seek to organise, burn energy, consume resources and generate waste, climate change is seen as an item on the trade union agenda. “Go Green at Work”, a handbook by Trades Union Congress (TUC) has identified several benefits to unions and workers if environmental matters are included on the collective bargaining agenda. The benefits accruing to trade unions for inclusion of climate change issues on workplace agenda include:

- Environmental protection benefits everyone.
- Jobs are protected by reducing energy costs rather than staffing costs.
- By investing in improvement of the buildings, processes, equipment and/or staff

training, the employer is making a long-term commitment to the future of the organisation.

- Extending the areas of policy and expenditure on which unions are informed and consulted, to include environmental questions.
- Anticipating possible future changes in the organisation, particularly when energy costs are rising.
- Being aware of any external pressures on the organisation, including issues around non-compliance with environmental regulations.
- If organisations achieve cost savings, a proportion could be reserved for rewarding staff directly, e.g. through bonus schemes.
- Alternatively, savings can be ring-fenced for further environmental investment within the organisation, or donated to charities selected by staff. Either of these could form part of a 'green fund' overseen by a joint environment committee.
- Action and learning at work can encourage greater energy and money savings at home (helping tackle fuel poverty), and vice versa.
- Healthier, safer workplaces – for example, correct temperatures, improved natural daylight.
- Improved transport arrangements for workers.
- Organising benefits.
- Encouraging employers to create new, greener jobs.
- More flexible working arrangements.

Similar concerns have been expressed by the respondents of the present study who were convinced that climate change is real and called for an urgent action. For example, the representative of UCU, who happened to be a coordinator of the climate change campaign, was of the opinion that:

*“Human induced climate change is potentially disastrous and has thrust the environment and energy use to the forefront of educational, professional and trade union attention. Universities and colleges are amongst institutions being challenged to reduce their 'carbon footprint'. The TUC (Trades Union Congress) is urging unions to increase attention to environmental, especially climate related matters - and to engage with employers to develop low-carbon strategies and a 'just transition' to a low carbon economy and society.”*

By identifying links between good environmental practices, it is possible for trade unions to get a better deal for workers unions, which could be helpful in organising effectively, and put climate change on the bargaining agenda to achieve positive, worker-friendly outcomes. An effective campaign around environment in general and climate change in particular includes building and improving information and consultation and bargaining structures in the workplace. It is the right of workers to get information about environmental impact of their workplaces through a number of statutory measures. Some of the legislative tools that workers can use to find out about carbon footprint and environmental impact of their workplaces include:

- Information and Consultation Regulations
- Trade Union and Labour Relations (Consolidation) Act 1992 and the ACAS Code of Practice on Disclosure of Information
- Environmental Information Regulations
- Freedom of Information Act
- European Works Councils Legislation

### **5.5. The Trade Union Sustainable Development Advisory Committee (TUSDAC)**

The Trade Union Sustainable Development Advisory Committee, TUSDAC, was established in 1998. It is the main forum for consultation between Government and Trade Unions on sustainable development and environmental issues. TUSDAC is co-chaired by the Minister for Climate Change and Environment and the general secretary of Prospect. Department for Food, Agriculture and Rural Affairs (DEFRA) has provided secretariat to TUSDAC. Its membership comprises the general secretaries of the major TUC-affiliated unions in the UK. TUSDAC holds meetings three times a year and meetings focus on the TUSDAC input into the Government policy process on sustainable development and developing practical measures that unions can adopt to address the sustainable development issues raised.

The aims of TUSDAC are:

- To direct trade union input into the policy process to enable constructive dialogue with Government on sustainable development and other related environmental issues.
- To provide a trade union perspective on actions to tackle climate change.

- To help mobilise the trade union movement to become involved in the move towards better environmental practice in the workplace, building on existing initiatives and activities, disseminating information and experience.

The last point is on the aims list of TUSDAC is the most important aspect of the work done by TUSDAC as it coincides with the trade union interest in climate change issues at workplace in particular and overall environmental issues in general. Trade unions are utilising this forum to influence governmental policy regarding the climate change issues at workplaces. As the highest offices of all major affiliate unions of TUC are represented at TUSDAC, it provides a unique opportunity to trade unions to use it as leverage measure and have their concerns incorporated in the policy making.

## **5.6. Just Transition**

‘Just transition’ as a term was first coined by a Canadian trade union activist, Brian Kohler in a union newsletter. Just transition, to Rosemburg (2010) means, *“a conceptual framework in which the labour movement captures the complexities of the transition towards a low-carbon and climate-resilient economy, highlighting public policy needs and aiming to maximize benefits and minimize hardships for workers and their communities in this transformation.”* (IJLR, 2010, p: 141)

International Trade Union Confederation (ITUC) regards ‘Just Transition’ as *“a tool the trade union movement shares with the international community, aimed at smoothing the shift towards a more sustainable society and providing hope for the capacity of a green economy to sustain decent jobs and livelihoods for all”* (ITUC, 2009)

ITUC promoted Just Transition as an approach by stating:

*“Congress is committed to promoting an integrated approach to sustainable development through a just transition where social progress, environmental protection and economic needs are brought into a framework of democratic governance, where labour and other human rights are respected and gender equality achieved”. (ITUC, 2010).*

Other Global Union Federations (GUFs) did not lag behind on taking this approach on board. For example, The International Transport workers' Federation (ITF) adopted a resolution stating that:

*“While the urgent adoption of these policies is vital to tackle climate change, the ITF and its affiliates must defend the interests of transport workers by fighting to ensure that these policies are implemented in a way which protects jobs and creates new ones through a process of just transition” (ITF, 2010).*

The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), now part of a new GUF – IndustriALL, also stated that:

*“With a Just Transition, we can build a public consensus to move towards more sustainable production” (ICEM, 2009).*

If jobs are created actively, training is provided to the workers to adjust to changes coming in the wake of transition from high to low Carbon economy and workers are protected against the pains of transition, then it is easier for trade unions to get wider support from the rank and file to bring on board the climate change agenda. At the international level, a positive aspect of the struggle is that International Trade Union's efforts have been successful in compelling the UN to include a just transition clause in the draft of the new treaty to regulate climate change emissions. The draft reads as follows:

*“An economic transition is needed that shifts global economic growth patterns towards a low-emission economy based on more sustainable production and consumption, promoting sustainable lifestyles and climate-resilient development while ensuring a just transition of the workforce. The active participation of all stakeholders in this transition should be sought, be they governmental, private business or civil society, including the youth and addressing the need for gender equity.”*

At the national level in the UK, the government created in 2009 a Just Transition Forum under its new low carbon industrial strategy. The forum was established to bring together representatives from the government, employers, unions and civil society for the first time to discuss the implications of a low carbon future.

#### **5.6.1 Just Transition Package**

A package of Just Transition that includes six enabling conditions for this change to

become reality. These enabling conditions have been identified by The ITUC and these include:

1. Investment
2. Research and early assessment
3. Consultation and social dialogue
4. Education and training
5. Social protection and security
6. Economic diversification

### 5.6.2. Major Climate-friendly Investments

The Just Transition requires sound investments in low-emission and labour-intensive technologies and sectors. Sustainable industrial policies require major climate-friendly investments with an aim to retain and create decent and green/sustainable jobs. Workplaces need to be made green with development and deployment of technology. Workers made redundant from the industries undergoing transition are to be offered alternative jobs and green investments have a promise to provide such jobs. Government's policies including procurement, infrastructure projects and public regulation can lead the drive towards these investments, at least in the initial phase. Some of these investments have been promoted as suitable for "recovery packages" in the context of the economic crisis (OECD, 2010).

The examples in this regard are Spain and France and in the UK, trade unions and civil society activists are asking for 1million green jobs. In Spain, there were 158,000 green jobs that have increased to approximately 0.53 million, registering an increase of 235%.<sup>54</sup> Around 83.5% of these jobs are available in waste management and supply, renewable energies, treatment and purification of wastewater, public environment, ecological agriculture and livestock breeding and forest management sectors. Distribution of green jobs by sector is given in the Table 20 below.

**Table 20. Distribution of Green Jobs by Sector**

Sectors	Jobs	%
Waste management and supply	140,343	26.4
Renewable energies	109,368	20.6
Treatment and purification of waste water	58,264	11.0

<sup>54</sup> Green jobs for Sustainable Development: A case study of Spain, ILO-UNEP-Sustainlabour



Public environment sector	53,072	10.0
Ecological agriculture and livestock breeding	49,867	9.4
Forest management	32,400	6.1
Environmental services to companies	26,354	5.0
Environmental R&D+i	21,929	4.1
Jobs in industry and services	20,004	3.8
Natural area management	10,935	2.1
Environmental education	7,871	1.5
Tertiary sector	540	0.1
Total	530,947	100.0

Source: Based on FB and OSE, 2010

Half a million jobs are to be created in France by 2020 according to an announcement by The French “Observatoire Français de Conjoncture Economique”. These jobs would be created as a result of the implementation of the “Grenelle de l’Environnement”, in sectors such as renewable energies, recycling, clean transport, and energy efficiency in buildings. In Japan, employment in environmental industries is expected to double to 2.8 million people by 2020.

In the same fashion, the General Secretary of the University College Union (UCU) has expressed her optimism about the job provision potential of the low carbon industry. She thinks that, *“With unemployment at a record high there is huge potential for growth in our low carbon industries which can generate thousands of new jobs and opportunities for young people. With other countries investing in their low carbon industries we cannot afford to be left behind. Our college and universities are uniquely placed to provide people with the green skills training but they must be given the necessary funding to do so.”* Sally Hunt, UCU General Secretary)

### **5.6.3. Research and Early Assessment of Social and Employment Impacts**

Research is very important to assess social and employment impacts to better equip for transition. Prior to any consultation, ITUC is of the view that, *“it should be accompanied by relevant studies assessing the impacts of alternative emission reduction scenarios on production systems. Systematic country, region and sector-specific studies on climate change policies and their impacts on employment and labour markets must be carried out. Ex ante analysis of policies is key, as this enables their redesign and improvement”* (ITUC, 2009, p. 15).

International Labour Organisation (ILO) Bureau for Workers' Activities, International Trade Union Confederation (ITUC) and the Global Unions Research Network (GURN) took an initiative to start addressing the knowledge gaps (Verheecke, 2010). The European Trade Union Confederation (ETUC) carried out a study as a contribution to improve current understanding of the relationship between climate change and employment. The specific aim of the study was to find out the potential repercussion on employment of a reduction of 40% in the European Union's CO<sub>2</sub> emissions by 2030. The findings of the study suggest the need for clear and foreseeable climate policies, substantial public investment in R&D, renewable and combined heat & power (CHP) energy, public transport systems and renovation of buildings, in addition to well designed economic instruments taking into account the impact on low income households and energy intensive industries.

#### **5.6.4. Social Dialogue and Democratic Consultation of Social Partners and Stakeholders**

There is an expressed need of social dialogue at the state level to encourage institutionalized and formal involvement of trade unions, employers, communities, and all other relevant community groups. Just transition requires the parties involved to discuss the issues at hand. This discussion could be facilitated through social dialogue that is a useful tool used to promote consensus and participation of the main stakeholders in the world of work. Triumphant social dialogue structures and processes potentially resolve important economic and social issues, to encourage good governance, to advance social and industrial peace and stability and to boost economic progress (UNEP and Sustainlabour, 2008, pp. 89–90). Tripartite social dialogue in the context of climate change is a time-tested way. Potential of tripartite dialogue has been documented by an ILO report, studying a unique experience of tripartism adapted to climate change discussions in Spain: *“Tripartite social dialogue [is] a valid instrument in the analysis of the effects on competitiveness, employment and social cohesion in policies related to climate change”*. The report found that the experience was considered positive for information and consensus-building, a driver for internal actions in each sector, and potentially useful for monitoring progress (ILO and Sustainlabour, 2010).

Positive and successful examples of such a process of social dialogue include the establishment of a platform for tripartite social dialogue on climate change where Spanish trade unions (CCOO & UGT), government and business organisations joined hands together to discuss climate change and ensuing transition. The other example is from France where The Grenelle de l'Environnement was organised in 2007. Different working groups discussed and evaluated the climate change issues and provided their recommendations in this regard to the then French President, who in turn, elaborated a law on the basis of these recommendations.

#### **5.6.5. Education and Training**

Transition to green economy would require a bulk of workers with compatible skills to cope with clean processes and technologies. Tapping the potential of green investments needs a workforce with new skills that will help to absorb and develop new technologies. At the workplaces, the existing workforce would require to be provided with time off from work to equip them with new skill and training. There is an understanding among many organizations ILO (CEDEFOP and ILO, 2010), UNEP (UNEP, ILO, IOE and ITUC, 2008) and the OECD (OECD, 2010) about the need for education and training component of the transition package. Organisations such as UNCTAD have also highlighted the importance of skills development: *“The key elements of a favourable environment for cross-border flows of low-carbon technology include availability of the requisite skills”* (UNCTAD, 2010, p. 31).

#### **5.6.6. Social Protection**

Workers feel susceptible to the changes coming in the wake of transition from high to low carbon production and this vulnerability might restrain them from supporting any such changes. Their confidence could be restored by social protection schemes such as social security including social insurance and public employment guarantee schemes, public works programme with a potential of job-creation for the unemployed and working poor, income maintenance and job placement services. Investing in these policies could ensure just transition. Fear of job losses accompanying transition could be controlled by devising policies to avert or minimize job losses, provide income support and improve employability of workers in sectors thought to be most affected.

### **5.7. Commitment at the International Level**

#### ***Trade Union Assembly on Labour and Environment and UNEP-SustainLabour Project<sup>55</sup>***

The Trade Union Assembly on Labour and the Environment was held in Nairobi from 15 to 17 January 2006 under the auspices of the United Nations Environment Programme (UNEP), with the support of the United Nations Global Compact and with the collaboration of the International Labour Organization (ILO), the World Health Organization (WHO), the International Confederation of Free Trade Unions (ICFTU), the World Confederation of Labour (WCL), the Trade Union Advisory Committee to the Organization for Economic Cooperation and Development (TUAC) and the International Labour Foundation for Sustainable Development (Sustainlabour). Over 150 trade union representatives from developing and developed countries, along with environmental and sustainable development experts and representatives of governments and the United Nations attended the session.

The Trade Union Assembly passed a resolution and the parties involved in the assembly agreed on several issues. The most important issues with respect to trade unions and workers are as follows:

- To strengthen the link between poverty reduction, environmental protection and decent work. Decent and secure jobs are essential for people to have a sustainable livelihood. Creating decent and secure jobs is only possible, however, if environmental sustainability is attained: hence the need to embrace the poverty reduction and sustainable development goals contained in the Millennium Declaration and Johannesburg Plan of Implementation through the promotion of decent employment and environmental responsibility.
- To integrate the environmental and social dimensions of sustainable development with a rights-based approach. Fundamental rights of workers such as freedom of association and collective bargaining must be respected if workers and their unions are to be able to engage in strategies for sustainable development. Moreover, human rights must include the universal, equitable,

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<sup>55</sup> This section draws upon sustainlabour website.

egalitarian and environmentally sound access to basic resources such as water and energy.

- To introduce policies for just employment transition as a central feature of environmental protection and to ensure that workers negatively affected by changes are provided with safe and decent employment alternatives;
- To enhance the dialogue between labour and management, consultation and negotiation in the workplace on sustainable development, and social dialogue at the sectoral, national and international levels in both public and private sectors, to use appropriate tools to increase social and environmental responsibility and accountability of enterprises through both trade union and multi- stakeholder participation in genuine initiatives and to ensure that corporate social responsibility involves both compliance with law and voluntary initiatives;

The trade union representatives at the Assembly further committed themselves to working for increased trade union awareness at all levels on these issues in their own organizations worldwide, with a view to the adoption of policy and implementation plans for local, national and international action on the outcomes of this Assembly and to integrate this work at the sectoral level.

The assembly also agreed that UNEP, ILO and WHO will undertake capacity-building and training, and the development of joint training materials for trade union leaders and workers in the areas of climate change mitigation and adaptation; environmental content of global social dialogue, including framework agreements; multilateral environmental agreements and law; improved awareness and understanding of their applicability to the workplace; and to promote environmentally and socially responsible job growth.<sup>56</sup>

The first trade union assembly on labour and environment paved the way for three-year joint programme in the area of Labour and Environment with the support of the

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<sup>56</sup> Final Resolution of the Trade Union Assembly 2006, available at <http://www.sustainlabour.org/index.php?dmdocuments=EN333-2006.pdf>

Government of Spain. The programme is called Strengthening Trade Union Participation in International Environmental Processes initiated by UNEP-Sustainlabour. This programme has provided grounds for multi-stakeholder dialogue, laid the foundations for a conceptual framework on the inter-linkages between labour and the environment, and for building partnerships and synergies to better address environmental challenges. It has also strengthened trade union participation in the United Nations system; through it trade unions gain credibility, recognition and are able to contribute in a constructive manner to a common project that focuses on capacity building, with a view to increasing participation of workers and trade unions on international environmental issues. A particular emphasis was put on climate change, as well as sound and sustainable management of chemicals; adaptation and replication of selected trade union initiatives; and awareness raising among workers on environmental issues and the link between environmental sustainability and labour/human rights, including occupational health and safety.

Since 2007, the programme has contributed to strengthening trade unions' formal participation in meetings in the areas of climate change, chemical management, sustainable development and green economy through supporting their interventions in UNFCCC meetings, Commission on Sustainable Development, UNEP Governing Council meetings, and some processes on chemicals such as The Strategic Approach to International Chemicals Management (SAICM).

### **5.8. One Million Climate Jobs**

One Million Climate Jobs is a trade union sponsored initiative. It is one of the number of similar initiatives which are attempting to use in the context of the economic crisis in Britain and elsewhere to draw up programmes to attempt to mitigate CC problem and problem of mass unemployment by campaigning in favour of a state led programme of job creation in climate jobs. It emerged from an activist network i.e., Campaign Against Climate Change (CACC), which at a very early stage got together with the leading trade union officials such as assistant general secretaries from The Salaried Staff Association (TSSA), Public and Commercial Services Union (PCS), Commercial Workers Union (CWU) and University College Union (UCU). All of these unions have given some support to this programme.

When asked about any linkage of CSR with climate change by trade union, the respondent told that he could not really say whether climate change was seen by trade unions in CSR terms. He was of the view that, *“I can’t vouch for trade unions whether they see it (CC) in terms of CSR. I think it is a kind of a programme that would have been supported by trade unions before CSR came into the vocabulary. It is a standard type of a social movement phenomenon whereby activists and trade unions start campaigning on an issue and persuade left leaning trade union officials to give them some support. I don’t think that CSR is the central plank in climate change. Since then, it (1 Million Jobs) has received some qualified support from UNITE and the Trade Union Congress (TUC) itself, but again, with no mention of CSR”*.

One Million Climate Jobs is a part of the Campaign Against Climate Change (CACC). This campaign is explicitly sponsored by three of the major British trade unions i.e., PCS, CWU and UCU, each representing more than 100,000 members with the exception of TSSA, which claims to represent 30,000 workers. One Million Climate Jobs campaign is based on very interesting logic. The people associated with this campaign are convinced by the scientific knowledge that due to feedback effects, the process of climate change is hastened and scientists have identified yet multiple feedback effects.<sup>57</sup>

World has started witnessing climate change now and it has become a reality. It is manifested by a change in rainfall patterns, giving way not only to droughts and famines but also torrential rainfall and floods. Scientists also fear that rising sea levels will be accompanied by rising intensity in hurricanes and cyclones, resulting in catastrophic flooding. The examples in this regard include drought in Sahel<sup>58</sup>, Central Asia and Australia. The other events reflecting the visible pattern of climate change include frequent forest fires in Australia and Greece, serious storms in Bangladesh, Haiti, Costa Rica and the USA and the recent floods in Pakistan.

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<sup>57</sup> An example can explain how climate feedbacks work. Rising CO<sub>2</sub> levels are now warming the Arctic. This begins to melt the permanent snow and ice. Snow and ice are white and reflect heat back into the atmosphere. When they melt, they reveal dark sea, dark tundra and dark trees. These absorb heat, and the Arctic warms up more, so the snow and ice melt more quickly. That reveals more dark tundra, trees and sea, which cause more melting, and so on. This feedback process has begun, and it is speeding up.

<sup>58</sup> The part of Sub-Saharan Africa

Although, climate change is not the single factor responsible for all these, yet climate change for sure will result in extreme weather events such as Hurricane Katrina. These climate change sponsored events will have repercussions for people in terms of power tussle, migration/displacement, conflicts, wars, and human fatalities. Scale of these calamities is still unknown, consequences will be horrific albeit and call for an urgent action.

In almost same tone, the representative of the UCU expressed his concern about the climate change and need for action. *“Scientists have an agreement that unless carbon-based energy use is radically reduced, the world faces a crisis. Poorest would the most, but all of us will be affected. The dangers of inaction are extremely serious:*

- *Many locations may become uninhabitable*
- *Food shortages may threaten survival for many people*
- *Mass migration is likely*
- *Many species face extinction*

*The Stern Review calls for an urgent action and if we take timely action, the likelihood or intensity of climate change and its impacts on environment and employment could be reduced”. (UCU Interview Transcript)*

#### **5.8.1. Conditions Attached to the One Million Climate Jobs**

The proponents of this campaign, while demanding one million climate jobs, however qualify their demand. They mean Climate Jobs and differentiate them from the ‘Green Jobs’. Though they are not against Green Jobs, yet they are of the view that Green Jobs do not affect global warming. Through Climate Jobs, they want to tackle the main sources of emissions. They target CO<sub>2</sub> emissions from among the main Green House Gases, the other two being methane and nitrous oxide. Out of the 11 tonnes of CO<sub>2</sub> equivalent Green House Gas emissions per year in the UK, their target is the first 8 tonnes contributed by electricity, building and transport. The campaigners are demanding new jobs and not the old jobs with new titles such as the ones with the word ‘sustainable’ added into the job title and they don’t mean ‘carbon finance’ jobs



either. Keeping in view urgency of the matter, the jobs are demanded immediately on a schedule of 83,000 jobs per month adding up to one million in one year's time.

Another demand with regards the one million jobs is that the jobs should be provided by the public sector and not the private sector. They ask government to shun the policy legacy of encouraging private sector to invest in renewable energy. Market, according to the campaigners, is not the solution to this problem. In an interesting fashion, they want government to create institutional arrangement, what they term as 'National Climate Service' (NCS) created on the similar lines as the National Health Service (NHS). The reason why jobs are demanded in the public sector is that private companies are entrusted to invest and provide jobs, it would take a longer period of time to get the project up and running. Large amounts of money would be wasted, and workers would constantly lose their jobs. Another reason for jobs to be provided is the nature of jobs as the envisaged jobs provided by the proposed NCS would be secure, flexible and permanent.

The mechanism for climate jobs is thought to be a win-win scenario for all. If a person loses his/her job, she/he will be offered work in the NCS at the same old wages. This will ward off the fear of people who are concerned for the future of environment and their own future as well. Workers have apprehensions as they are facing situation similar to prisoner's dilemma. Job guarantee will provide workers with peace of mind and in turn they will support the initiative.

It is thought that the one million climate jobs will have a multiplier effect and create more jobs in two ways. Firstly, there will be direct jobs in different sectors and one million people will be employed. These sectors will have their derived demand and a whole supply chain will be created. According to moderate estimates, these one million jobs will help create another half a million jobs. Secondly, the combined demand of one and half million people will create more demand for the products and services consumed by these people and according to a safe estimate, another quarter million jobs will be created. So, a trigger of one million jobs will result in 1.75 million jobs. The 1.75 million jobs will provide savings for government, as these 1.75 people will be taken off dole. Although, some people will lose jobs after first ten year, it is estimated that there will be a net gain of 1.33 million in 20 years time.

The climate jobs are expected to provide fair wages and safe work environments. The nature of climate jobs is such that many of these jobs are dangerous. Workers in factory environments would be exposed to toxic chemicals. Other jobs such as at sea and on offshore wind projects too are risky. Even if the job contractual language covers various risks, there is no guarantee of decent wages or safety. It will provide trade unions an opportunity to perform an overseeing function. The impending dangers of unsafe jobs will convince workers to organise themselves.

### **5.8.2. Sustainable Workplaces, Sustainable Jobs**

The analysis of interview data reveals that the thinking at the trade unions that are keen on climate change issues is that there is a linkage between sustainable workplaces and jobs. It is evident from the fact that the University and College Union (UCU) has launched the Green Skills Manifesto in conjunction with the Greener Jobs Alliance (GJA). The manifesto demands the government to urgently invest in training and jobs for the UK's low carbon industries.

The manifesto calls for:

- A minister with responsibility for green skills to directly co-ordinate a training strategy that involves colleges and universities
- Increasing apprenticeships that are geared towards delivering a low carbon economy
- The expansion of science, engineering and mathematics (STEM) courses at public universities
- The comprehensive greening of the curriculum in schools, colleges, and universities

The respondent from the UCU, referred research published in 2009 by the Aldersgate Group, which found that there had been green skills gap in the UK that was slowing its transition to a low-carbon economy. He was of the opinion that, *"Investing in green skills and jobs is key to solving the current economic and climate crises. This manifesto is an important starting point for the UK to achieve its stated aim of the transition to a low-carbon economy."*(UCU Interview Transcript)

### **5.8.3. Financing One Million Climate Jobs**

Campaign Against Climate Change and other sponsors of the 1 million jobs campaign are of the view that the climate job are affordable and the government's austerity drive is flawed and will ruin the economy, hence the policy prescription is not to cut spending, but create climate jobs.

The suggestion to the government is to work on war footing to create climate jobs. The campaigners draw parallel to the World War during which, some of the members of both the Axis and Allied powers i.e., Germany, Soviet Union and Britain took over their economies and asked the industry to make as many weapons as possible, as fast as possible, to kill as many people as possible and win the war. The industry religiously followed the instructions and started making weaponry. This policy came as blessing in disguise and instead of bankrupting the countries, created jobs and helped the world to recover from the woes of the great depression. World War II efforts were destructive whereas the climate jobs creation is constructive.

It is argued that when governments are seriously committed, they don't make any excuse to sponsor any programme or project. The recent Credit Crunch in Britain and the not-so-old war effort in Iraq are cases in point where British government spent enormous amounts, most of which are irrecoverable. It is further argued that the expected spending required to sponsor one million climate jobs for 10 years is trivial in comparison with the costs incurred on bank bailouts and spendings on Iraq and Afghanistan wars.

It is estimated that total per year cost to create one million climate jobs is £52 billion, the itemised break down of which is given below:

- £27 billion in wages for one million jobs over one year.
- £5 billion in employers' national insurance and pension contributions.
- £20 billion in costs like materials, fuel, supplies, rent and interest.

This amount could be further reduced if savings in the form of taxes are taken into account. When people lose job, they pay much less tax and simultaneously claim benefits, imposing double drain on the national exchequer. Based on a modest

estimate, government can save £13 billion by providing one million climate jobs, simply by paying £27,000 on average per person per year.

Savings to government on providing one million direct jobs, half million indirect jobs and quarter million induced jobs, will amount to £21 billion. The NCS will recover some of the £52 billion in the form of utility bills by 1.72 million climate workers. If government recovers only 25% of the spending, it will amount to £13 billion. Savings on tax and benefits (£21 billion) and recovery of the tune of £13 billion totals to £34 billion. Hence government actually will have to bear the difference on recovery & savings and the total spending which will amount to £18 billion per year, which is a minimal amount as compared to £850 billion doled out to banks in the name of bailouts. The government in the UK poured billions of pounds into banking system on the pretext that 'banks are too big to fail'. Climate change activists, along with their trade union colleagues base their campaign on the premise that 'the planet is too big to fail'.

#### **5.8.4. Alternative Financing Opportunities**

There are several avenues to be explored to finance the gap of £18 billion per year. An estimated 5% more tax on the richest 1% Britons will yield £5 billion per year. A mix of closing tax gap and curbing massive tax evasion has the potential of £120 billion per annum. A Robin Hood Tax on banks and financial transactions could raise £400 billion annually. This amount could be used to alleviate poverty, protect public services and tackle climate change. Public finance differs from personal finance on one important count i.e., in later case, expenditure is adjusted to income whereas in former case income is adjusted to expenditure. Government can borrow money to create jobs and pay back during the period of recovery. The world has experimented it during the Great Depression of 1930 and it was based on the prescription of the famous English economist, Lord John Maynard Keynes, who suggested the use of expansionary fiscal policy during the period of recession.

#### **5.8.5. Public Sector Cuts**

The government in the UK has embarked upon an austerity drive and has devised plans to cut public spending by 25% over a five years period. The argument put

forward by the government is that the national debt has grown to a very high proportion and the proposed spending cuts will ease the debt burden. Trade unionist engaged in the climate jobs campaign are of the view that spending cuts is not the remedy, rather it would further aggravate the problem. Britain, since the height of its power is a nation in debt on an enormous scale, yet it ruled the world by building an unprecedented empire. They quote example of Japan in recent times where despite a huge debt, the Japanese economy has been able to keep unemployment in control and has almost the same per capita income as the UK, with much less unemployment than the UK.

Public spending cuts, it is argued by the campaigners, would not yield sizeable savings. Instead, government will have to pay more in terms of benefits and dis-saving due to less tax revenue. Spending cuts will have spiraling effect and it will decrease aggregate demand in an economy, which is already caught in a worst recession. The world has witnessed the plight of African nations in the 1980s and Latin American countries in the 1990s where these nations ended up in economic disaster by following IMF and the World Bank policy prescriptions of public spending cuts. So much so that Latin Americans call 1990s a 'lost decade'. The IMF and the World Bank are prescribing similar policies to the UK and other European nations and similar disasters are expected if these policies are adopted. The present day circumstances call for increasing aggregate demand, so someone has to start spending, and there is none other than the government to do that and one million climate jobs could be a way out.

### **5.9. Role of Environmental Representative in the Workplace Climate Change Agenda**

One of the issues flagged during the discussions with trade union representatives was of the role of environmental or green representatives. For example, one of the respondents said:

*[GP22: "Environmental reps can work in a similar way to other union reps by raising awareness of green issues in the workplace and making sure they are included in the negotiating/bargaining agenda. A main concern would be to agree a joint approach to 'greening the workplace', ideally formalised in a collective agreement and overseen by an employer/union committee that addresses environmental issues."]*

There are several types of workplace representatives who represent their respective trade unions and members. The representatives have statutory rights of paid time off and facilities to undertake union duties and attend training time. These rights come from the Trade Union and Labour Relations (Consolidation) Act 1992 (TULR(C)A 92) which states that 'the amount and frequency of time off ... are to be those that are reasonable in all the circumstances.' It also provides for the Advisory, Conciliation and Arbitration Service (ACAS) to issue practical guidance on facilities, time off for trade union duties and trade union training.

Trade unions, like other members of civil society are conscious that the resources available on the planet earth are finite resources and changes in the political, industrial and environmental landscape may gradually be affected on an unprecedented scale. This change will incorporate the need for new skills and technologies as organisations adapt and emerge to meet the challenges of climate change and sustainability.

Environmental representative have very vital role in terms of working with organisations and members promoting environmental performance, negotiating Environmental Workplace Agreements and engaging in training. Energy costs are responsible in part for financial pressures faced by organisations. The environmental representatives can help the employers to reduce costs by implementing environmental measures. They are capable of working towards retaining jobs of members and simultaneously encouraging employers towards tackling climate change and embracing a sustainable culture.

Speaking at the Climate Week, Prospect's head of research Sue Ferns said:

*“Half of UK emissions are produced by work activity. They are an obvious place to focus action on climate change, as organisations are better placed than individuals to install cost-effective green measures. The need to strengthen the link between sustainable workplaces and sustainable jobs has never been more urgent. Enlightened employers have recognised this and are giving their reps the time and resources to do the job.*

*There is no shortage of evidence that green reps are worth their weight in gold. We hope Climate Week will help get the message out to all employers*

*that co-operation and collaboration are good for the environment, good for business and good for workers.”<sup>59</sup>*

Simpson and Woodley (2010) support the rights of environmental representatives in these words: “Environmental issues are a negotiating matter, both where they have an impact on the working lives of Unite members directly, and where they are of broader concern to our members. We recommend actions to achieve this include the training and recognition of environmental reps and the adoption of a collective agreement on environmental issues.”<sup>60</sup>

Environmental representatives can engage in training and raise environmental awareness by being instrumental in establishing Sustainability Committees similar to Health and Safety Committees. Workplace environmental issues can be raised and discussed during these committee meetings. By virtue of their presence at the workplace, they can also oversee implementation of procedures against measurable targets and undertake environmental audits.

The Trade Union and Labour Relations (Consolidation) Act 1992 (TULR(C)A 92) recognizes the rights of various workplace representatives such as learning representatives and pension representatives. But the Act does not allow trade unions to elect environmental representatives with paid facility time to carry out this crucial role. Although, environmental representatives already exist in some organisations, albeit with the voluntary agreement of the employer. Since over half of carbon emissions are work related, environmental representatives are perfectly placed to act as stewards within a workplace, raising awareness of environmental issues amongst members and employers alike and working closely with other elected representatives.

The Advisory, Conciliation and Arbitration Service (ACAS) had issued a revised version of the ‘Time off for trade union duties’ code for consultation in 2009. For the first time there was a reference to environment representatives. The draft, while referring to the need of environmental representative, urged employers to provide support and facilities. However, this was just contained in the guidance and not the

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<sup>59</sup> <http://www.prospect.org.uk/news/id/2011/01108>

<sup>60</sup> Simpson, D. and Woodley, T. (2010). “Public Sector Environmental Standards”, Unite The Union.

code of practice.

The draft reads as follows:

*“In some workplaces trade unions gain agreement from the employer to elect or appoint representatives with a specialist role. Equality representatives can be concerned with a wide range of diversity issues from the promotion of diversity management to ensuring legal compliance and conducting audits. Environmental representatives focus on the climate change agenda and changes in work organisation and green workplace projects. They may serve on environmental committees if these are established. These types of specialist representatives have no statutory rights and are more likely to be found in large workplaces.”*

Our analysis of fourteen major British trade unions reveals that 7 out of 14 trade unions have environmental representatives at their respective workplaces by voluntary agreements with employers. Only University College Union has more than 100 dedicated environmental representatives. Table 21 below gives details of the trade unions with and without environmental/Green Representatives.

**Table 21: Environmental Representative in Trade Unions**

	Union	Environmental Representatives
1	Unite	Yes
2	Unison	Yes
3	GMB	Yes
4	RCN	No
5	Usdaw	No
6	NUT	No
7	NASUWT	No
8	PCS	Yes
9	CWU	Yes
10	ATL	No
11	BMA	No
12	UCU	Yes
13	Prospect	Yes
14	UCATT	No

Source: Author's analysis of trade union websites

Pressure has been mounting in parliament around the rights of environmental representatives in recent years. In 2006/7 John McDonnell MP tabled an early day motion (EDM) seeking to amend the *ACAS code of practice on time off for trade*



*union duties and activities* to provide statutory rights for environmental reps similar to those that have been accorded to other union reps. Martin Salter MP tabled a further EDM on the same issue. Although the amendment wasn't taken to a vote, it did help to raise the profile of the issue in parliament. Trades Union Congress (TUC) at its Annual Congress 2008 carried a motion calling on the government to give statutory rights to environmental representatives.

The pivotal role of environmental representatives to further climate change agenda at workplace has not gone unnoticed in the government quarter. In June 2008, the then Secretary of State for the Environment, Hilary Benn, while speaking at a TUC conference on climate change said:

*“Today I saw at first hand the valuable role that union reps are playing. I visited a ‘Greening the workplace’ project at the British Museum, where union reps have worked in partnership with management to raise awareness of climate change in the workplace and identify opportunities for carbon savings. I was impressed with the work I saw and with the real commitment and enthusiasm. What is clear is that bottom-up union and employee-led action can really make a difference.”*

The campaign for rights for workplace environmental representatives is getting wider support by green organisations such as Friends of the Earth (FOE) and the Campaign against Climate Change (CACC). The Green Party also supports statutory rights for environmental reps.

#### **5.9.1. Success Stories of Environment Representative Interventions at the Workplaces**

The environmental representatives are playing very vital role in the workplaces to encourage more and more employers in adopting environment-friendly energy efficiency measures. Evidence suggests that these measures are bearing fruit and saving costs for the employers. Moreover, the environmental representatives are instrumental in raising awareness among their colleagues about the importance of the environmental issues and the utility of the environment-friendly measure for the employers and employees. They are successful in persuading colleagues to become more environmentally aware at work.

#### **5.9.1.1. Magor Brewery**

There are examples of successful environmental projects where the interventions made by environmental representatives have made difference and helped employers to save costs. One such example is an energy saving project at Magor Brewery near Newport, South Wales. Magor Brewery brews brands such as Stella Artois, Becks and Boddingtons. Convinced of the value of environmental-friendly measure, the owner of the Magor Brewery invested £1.4 million in environmental initiatives put forward by Unite the union and the workforce. Resultantly, the brewery used 46 per cent less water; electricity consumption was lessened by 49 per cent and heating bills were reduced by 23 per cent.

The Magor Brewery was able to save more than £2 million in bills and recouped the expenses incurred on the project in the first two years. The thrust of the project was to solicit the support of the workforce and once the involvement of the workers was achieved, there was no looking back. Almost 70% of the savings were attributed to the behavioural change of the employees who have become greener in their approach to the work that they do.<sup>61</sup>

#### **5.9.1.2. Guys Marsh Prison in Dorset**

In the public sector, a successful example of union-management cooperation with regards environment is of the Guys Marsh Prison in Dorset. Environment representatives of Public and Commercial Services Union (PCS) were instrumental setting up a truly groundbreaking project. Union-management cooperation has given way to an anaerobic digestion plant that is turning all the prison's food waste into energy. The prison now has a second AD plant, which 'consumes' around 40 tonnes of food waste a year. This is saving the prison an additional £4,000 per year in landfill costs. Energy companies are visiting the prison to learn more about the project as well. The story does not end here, and along with vegetable growing, rainwater harvesting and maintaining an-on-site wildlife conservation area, there are numerous innovative ideas that have been experimented.

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<sup>61</sup> <http://www.tuc.org.uk/workplace/tuc-21166-f0.cfm>

Through another project, Guys Marsh Prison has switched from conventional energy for heating to renewable energy. Under this project, the prison is using water heated by wood fuelled boiler. Guys Marsh is the pioneer among the UK prisons to have its heating and hot water supplied entirely by wood fuel from local renewable sources. Wood-fuelled boiler has reduced heating costs at the prison to half. The project has saved costs of the tune of £250,000 per annum and helped saving 2,700 tonnes of carbon a year as well. As a result, The Guys Marsh Prison pledged to save almost £10m by 2015 as well as reducing carbon emissions by over 88,000 tonnes. The decision to switch biomass boiler was taken based on its lowest running cost and shortest payback time of any of the renewable energy projects considered. The low running cost is associated to the usage of wood fuel from a local source. It provides all the prison's heat and hot water and is designed for 24/7 operation is able to run for a high number of hours per year. Moreover, ash collected from the burned fuel is used as compost on the prison gardens and staff at the prison can take it home for their own use.

The management has set up energy saving session with staff. Through these sessions, over five hundred energy saving ideas have been generated and these have been grouped together under categories such as renewable energy, and saving energy and water. A three-year energy saving plan was put together in November 2010. The staff intranet includes information on the environment and energy saving so that ideas can be shared. As Phil Cross said; 'When you realise that you can heat a prison with a pile of wood it does make you stop and think'.

#### **5.9.1.3. Recognition of Environmental Representatives at Davenport Dockyard<sup>62</sup>**

Another success story is about a groundbreaking deal that Prospect branch representatives have negotiated at Devonport Dockyard in Plymouth with the employer Babcock International. According to this deal, the employer has agreed to grant environment representatives the same recognition and facility time as safety reps. The Davenport branch of the Prospect has 1,300 members that include 14 trained environment representatives who received dedicated training from Prospect earlier this year.

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<sup>62</sup> <http://www.prospect.org.uk/news/id/2011/01108>

A joint Environment Improvement Committee, comprising managers and union representatives, has been set up. In an effort to stop oil spillage into the river, the dockyard has already introduced a practice of putting oil drums on top of bonded containers, instead of leaving them on the dockside. Due to these measure, containers stop leaks and oil won't pollute the river. The other measures include encouraging people to recycle, reducing power use and finding other ways to save energy. Since it is a big industrial site, planned introduction of energy-efficient pumps and motors would make a big difference.

#### **5.9.1.4. British Telecom Adastral Park and Union Engagement in Environmental Affairs<sup>63</sup>**

British Telecom's research and development headquarters are located in Adastral Park. BT has 3,500 strong workforce at the facility. Along with BT R&D Headquarter, The Adastral Park houses thirty other companies as well. Other companies have 500 employees working for them. BT had plans to redevelop the park and convert it into 'sustainable community' having residential area and renewable energy power plant on the site. The electricity usage at the site is 75MKwH of electricity, which contribute 45,000 tonnes of CO2 emission per annum. As approximately 4,000 employees commute to the workplace, this adds further towards the CO2 emissions. BT wanted to reduce CO2 emission by 80% compared with the 1996 levels.

Two trade unions i.e., Prospect and Communication Workers Union (CWU) represent members from BT headquarter and the employees from the other companies. Using the Green Workplaces project, both Prospect and CWU grabbed the opportunity of redevelopment geared their efforts to improving workforce engagement. The timing is important as the redevelopment plans point to an expansion in the BT workforce. The trade unions adopted a bottom-up approach involve the workforce and engaged staff in site-wide carbon impact assessments covering energy, water and waste.

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<sup>63</sup> <http://www.prospect.org.uk/news/id/2011/01108>

In all the other operations of BT nationally, a top-down approach is used to managing environmental issues. BT has set up a network of 'carbon clubs' that now have more than a thousand members. This is a move to complement the top-down approach. Unions are leading some of these clubs. The purpose of the clubs is to bring colleagues together to discuss climate change issues and help make a difference at work, home and in the local community.

Employees of the BT and other companies were provided with an opportunity to attend a training course on voluntary basis and attending hours were included in staff personal development plans. A union environment day was also organised where employees were able to visit the Energy Saving Trust's 'energy doctor' for one-to-one advice and to try out a driving simulator to practice eco-driving techniques. Two important suggestions arising from the workshop were to formalise the environmental agenda to boost frontline employee involvement and to increase employee ownership through greater union participation. This was accomplished by setting up an environmental forum formed on the lines of the existing carbon club structure. The interested staff members have joined the forum, and carbon impact assessments are underway. Union environmental representatives conducted a review and based in their suggestion, a plan has been approved to replace 59 bottled water units with plumbed-in tap water chillers, avoiding the need to produce, deliver, store and lift more than 3,500 18 litre water bottles a year. The lead environmental representative from Prospect has expanded his role and has become the official site-wide sustainability champion, with the help of training provided by the trade union.

#### **5.9.1.4. Great Ormond Street Hospital for Children NHS Trust (GOSH)**

Great Ormond Street Hospital for Children NHS Trust (GOSH) is a national centre of excellence providing specialist children's healthcare. It employs approximately 3,595 people. In line with the NHS carbon management programme, the hospital has set an initial target of a 15 per cent reduction in its carbon emissions between 2008 and 2012, equivalent to 2,124 tonnes of carbon. This is in addition to a 62 per cent emissions reduction resulting from the installation of two combined heat and power units.

Unison branch at the GOSH was instrumental in initiating the hospital project. Union members at the GOSH identified the potential for a more systematic approach to energy saving and cutting resource use in the workplace. Redevelopment and refurbishment work at the hospital provided union with an opportunity to ensure workforce engagement in the hospital's sustainability strategy. The GOSH has a Staff Involvement Forum (SIF) which is a chief joint negotiating body. In March 2009, the UNISON branch submitted a project brief to the SIF and the initiative won the support of all other unions and professional bodies. The other union and professional bodies include the British Dietetic Association, the British Medical Association, the Chartered Society of Physiotherapy, RCN and Unite as well as the Chief Executive of the NHS trust.

Environmental Services Manager immediately started joint consultations to design a staff survey aimed at raising the profile of environmental issues and uncovering relevant training themes. The survey included sections to assess staff awareness of the trust's existing environmental policies, its carbon reduction strategy and the effectiveness of its own scheme for workplace engagement, a network of 'environmental prefects'. The questionnaire provided staff with an opportunity to voice their opinion on workplace environmental issues.

The results of the survey were very promising as an overwhelming majority (90%) of respondents showed an interest in becoming environmentally active through attending training or conducting energy walk-rounds of their departments. Two-thirds of respondents felt recycling could be better handled in terms of its organisation, publicity and the range of items covered, while 67 per cent of respondents also believed that their department could be more proactive in ensuring that lights, computers and televisions were switched off when not in use. One in five also requested more support for walking or cycling to work schemes.

A new Joint Environment Committee (JEC), including senior management and union representation has been set up following the recommendations of the ongoing workplace consultations at SIF. The 30-member committee is chaired by the UNISON branch Secretary and meets every six weeks. The composition of the committee is such that there are members from a variety of occupations from within

the organisation including members from IT, procurement, estates, finance, patient and staff safety, human resources, radiology, housekeeping and portering. As the NHS Trust management board has agreed with the trade unions, all members of the JEC are granted reasonable time off to conduct official committee business during work hours and carry out environmental audits.

During the induction for new employees, the union environmental representatives are now citing the JEC's work as an example of unions working in partnership with management. The JEC is creating environmental checklists to be used to audit the trust. JEC members will visit all wards, departments and units. Its representatives on the hospital's environmental strategy team work closely at the highest level to help develop the trust's overall green strategy.

#### **5.9.1.5. Leicester City Council**

Leicester City Council has a history of making Leicester UK's first Environment City during the 1990s. The council had set targets to halving CO2 emission and its energy use by 2025 compared with the 1990 levels. The council has in place an Eco Management and Audit Scheme (EMAS) and these targets were set by EMAS. The reduction targets set by EMAS provided the recognized trade unions with an opportunity to develop a Green Workplaces pilot project. The unions include GMB, UNISON and Unite.

UNISON branch initiated the project proposal under the Union Modernisation Fund and stated the project presented an opportunity for union members to play a vital role in engaging the 15,000-strong workforce with EMAS. It was a challenging task keeping in view the public spending cuts. The trade unions were asked to join forces early on in the project to demonstrate a joint approach. UNISON branch secretary and the branch convener assumed the responsibility of green representatives for the project. During the preliminary meetings, the potential for resource savings from the project was assessed. In the joint meetings, a mapping of the 62 Environment Network Representatives was done. These Environment Network Representatives are council volunteers who act as environmental champions in the workplace. The council wanted to raise environmental awareness among hard-to-reach staff operating remotely or on outlying sites, such as parks and housing depots. Following extensive

collaboration, the TUC produced a joint union-management leaflet to raise the project's profile in isolated locations and at multi-site union meetings. A staff survey was also planned and its contents discussed. The council organised the union stand at a lunchtime event as part of its annual Big Switch Off campaign. The aim of the event was to raise staff awareness of energy use at council premises across the city. The union stand was an immediate success and in just an hour, more than twenty people pledged to become more active in greening the workplace.

Union staff survey was the next activity conducted under the project to assess the level of awareness about environmental issues among the staff working in the council. More than 260 people responded from across a wide range of council services covering over a hundred sites across the city. Among the respondents, 70 per cent were union members. The results of the survey revealed that there was high level of awareness of the council's environmental policy among the staff, as 88 per cent reported that they were aware of it. Eighty-eight people expressed their interest in making their workplace greener, for example by attending an on-site training workshop. Another 107 respondents stated willingness in becoming more involved. Survey findings prior to the project's launch served as an important baseline at the start of the initiative. These findings point to the potential for active employee engagement through behavioural change.

The respondents commented upon the links between resource waste, service efficiency and job security. There was no shortage of ideas to make the council greener, with 94 per cent of respondents providing additional suggestions on how to reduce energy use. The respondents also indicated that there was an opportunity to build capacity to engage with employees above and beyond the council's own network of voluntary Environment Network Representatives. Keeping the enthusiasm demonstrated by union representatives and members was very important in future interventions. The preliminary findings from the survey were launched at a green event in the city centre in November 2009. Senior councilors and other local authority representatives discussed the importance of a shared approach to improving environmental performance and stated their commitment to the project. A joint workshop was held at the end of November for union reps, representatives from the



council's environment, energy and waste management teams and staff from an assortment of outlying sites.

Union representatives and members of the council's energy and waste teams have piloted an energy audit at the Western Housing Depot in Leicester. Another waste audit has also been carried out at the depot and ways to increase recycling on the site are being investigated. The unions have planned to build a network of green representatives across council services and are engaged in negotiations with the employer for facility time for green representatives. The project offers a huge opportunity for the unions to work with the council to improve environmental performance, with resource efficiency providing an alternative to service and budget cuts.

#### **5.9.1.6. The National Library of Scotland (NLS)**

With employee strength of 340 people at four sites in Edinburgh, The National Library of Scotland (NLS) is an internationally recognised reference library. It houses millions of books, manuscripts, examples of sheet music and maps. Prospect, PCS and FDA represent the employees at the workplace. Union representatives from Prospect initiated the project and met the management in July 2008. NLS has an ad hoc 'green group', that is an informal group of union and non-union members who are self-motivated. This group also attended the initial meeting. The discussions resulted in formation of Sustainability Steering Group with representation from the senior managements, green representative from Prospect and the members of the 'green group'. A green fair was held where staff was shown climate change films, provided by Oxfam and listened to talks given by Energy Saving Trust, Trade air and Edinburgh City Council.

Upon the expressed need by half of those attending the green fair, a training workshop was held. The training covered a range of occupations and NLS workplaces. With a purpose to capture the momentum build by the training session, the estates architect showed staff how the plant room at NLS worked. The staff had expressed desire to understand how the buildings actually functioned.

Successes of the project include:

A bike-to-work scheme

A comprehensive recycling scheme, incorporating 18 different waste streams, resulting in a 60 per cent recycling rate.

New recycling waste streams introduced including:

- Food waste composted via social enterprise CORE;

- Craft materials sent to Bits and Bobs, another social enterprise;

- Used Perspex returned to the manufacturer and made into new Perspex;

- Acid-free cardboard recycling

A new recycling guide developed to inform staff what to recycle and what happens to it; and

A3 posters explaining what can be recycled introduced at recycling points, along with can crushers.

Fair Trade products introduced in the NLS cafe.

The target set by NLS to reduce carbon emissions through the Carbon Trust's Carbonlite programme over a five-year period is 30 per cent. NLS has also joined the 10:10 campaign, under which organisations pledge to reduce carbon emissions by 10 per cent during 2010. A joint survey and quiz with TUC was issued to staff in December 2009 to identify energy waste, find out what motivates staff to save energy and gauge knowledge on energy use and costs at NLS. Analysis of survey results has led to recommendations including more visual images being incorporated into the campaign; the development of a more thorough communication plan linked to environmental policies; running energy awareness sessions for staff; and launching a myth-busting campaign on green misconceptions.

Most of the respondents commented that reducing the library's contribution to global warming was the most important reason for cutting gas and electricity use. This finding has important implications for motivating staff to change behaviour. Volunteers offered their services to conduct energy audits in their areas. The other interventions include behavioural change with the launch of an 'I'm Switching Off campaign', an email address for staff to send in green suggestions and an environmental newsletter. The possibility of introducing energy-efficient lighting is being investigated, as is the potential to work with other Edinburgh-based

organisations on joint heating/cooling schemes. Lastly, the group is to look into ways of reducing the amount of material that enters the library.

#### **5.9.1.7. National Museums Liverpool**

National Museums Liverpool (NML) is a group of museums and galleries. NML aimed at having strong environmental credentials, including a combined heat and power plant and rainwater harvesting system. NML employs more than 600 staff at its eight existing venues plus additional sites across the city. PCS and Prospect unions represent employees. PCS and Prospect agreed to have a joint intervention. The union made a strong business case and a project brief was submitted to NML. Approval was granted in early November 2009.

A joint effort by unions and management was made to organise a staff awareness event at the end of November 2009. The management and the frontline workers at NML took keen interest. GMB, PCS and UNISON representatives from outside organisations such as Liverpool City Council and civil service departments attended the event. Employees enrolled themselves at the event for training. Consultations with management enabled training resources to include NML environmental policies alongside the TUC course activities. Course participants were drawn from human resources, museums, art galleries, administration, collections management, information systems and energy and facilities management. One proposal to achieve staff buy-in was to carry out a survey followed by a campaign on the issues it identified.

A workshop was held where participants reviewed action points arising from the previous activities and discussions. It was agreed that an environmental audit would be carried out. Both unions at NML are working together to follow up on the success of the training day. This led to sourcing more recycling bins from NML's waste management company and contacting the charity Groundwork Merseyside for information on joining its waste minimisation scheme. Other training participants have set up a central meeting for admin staff across NML sites and included green issues on the agenda. The intention is to obtain staff feedback on recycling arrangements that can be fed into sustainability plans.

The project achieved initial successes that included:

- A switch-off campaign, focusing particularly on NML's back office functions at its site in Dale Street
- Computers in the Development and Communications Directorate being set to automatically print on both sides of paper and the Human Resources Department's photocopier set to double-sided copying.
- Investigations into best practice relating to print and publications, for example using recycled paper for printing.
- Setting up a green forum with representatives from management and unions, and key representatives from across the workforce, including staff of different grades and from different departments is planned.
- Achieving re-accreditation from the Carbon Trust for its achievements in energy efficiency.

Plans are underway to conduct a joint management/union staff survey, while the human resources department at NML has requested a model survey from the TUC. A joint group of staff and green representatives is mandated to discuss NML's draft sustainability action plan.

Future tasks include producing a green policy and considering NML's internal and external communication strategy, as well as reviewing the action plan and setting targets. NML plans to appoint an executive team champion and it has secured a place on the Green Champions leadership programme funded by Renaissance Northwest. Following the training session, there is recognition of the need to better communicate and publicise those achievements.

#### **5.9.1.8. United Utilities**

United Utilities (UU) is the UK's largest listed water company, operating water and wastewater networks for seven million customers across the north west of England. It operates 582 wastewater treatment works. UU also manages electricity and gas distribution networks across the country. The group employs approximately 9,000 people. GMB, Prospect, UNISON and Unite represent the employees at UU. UNISON instigated the project focusing initial action at the company's headquarters.

All the four recognised unions supported the project and the UNISON's lead steward was designated as union lead on the project.

UU has its programme of Think Carbon leadership and a network of about 40 carbon champions across its business units. The green workplace project was envisaged to build upon the existing experience and benefit from synergies. Discussions of management and unions focused on the potential for increasing staff involvement in green issues by engaging with the network of several hundred union representatives.

The company gave an overview of its environmental strategy and the union stewards provided first-hand expertise and feedback on how resource savings could be made in the field. The company shared lists of its carbon champions with the unions and mapping of union representatives ensued. In 2009, the company went through a period of re-structuring and a number of job losses that directly affected key members of the Green Workplaces project team on the management side. However, the company reiterated its commitment to the project and the project was launched with a little bit of delay.

The launch event was attended by a range of outside speakers including the Carbon Trust, unions and management, supported by information stands and publicity materials from environmental organisations. Trade union representatives from all four unions also attended. The commitment demonstrated by the unions was evident with some representatives traveling 150 to 200 miles to attend the event. All 30 union reps signed up to participate in one of two TUC training workshops. The non-union representatives also expressed their interest to run a third training workshop, subject to availability of resources.

Two workshops were held in November and December 2009, and 21 union reps were trained from a range of work sites, UU businesses and occupations. The union reps discussed the mechanism of union green reps involvement in the current reporting structures at UU. The tutor's report from both workshops reflected a desire of the union representatives to review current structures and practices to enable more union involvement in environmental issues.

It was agreed that the role of green reps would be difficult to fulfill without some form of joint environmental committee. It was also seen as key that environmental representatives have a designated slot in team briefings to enable them to disseminate positive environmental messages to a large number of people. Both workshops identified low-cost and cost-free options that could be implemented in their workplaces to produce reasonably quick energy efficiency and/or waste reduction savings.

The company was undergoing a significant programme of restructuring and had undertaken a cost-saving programme, primarily in response to new pricing guidelines from regulator Ofwat, involving several hundred redundancies. Nevertheless, the project continued to make progress, with senior stewards reporting that they have raised environmental issues at business forums where senior reps from all unions, senior managers and human resources managers were present. The senior stewards aimed to get green issues placed as standing items on agendas within the new UU governance structures. UNISON's health and safety branch officer has also set up a 'Go Green' section on UU UNISON's website. The site includes an overview of climate change issues and provides access to TUC and UNISON resources on greening the workplace.

### **5.9.2. Good Environmental Practices at Trade Union Premises**

There are a couple of good examples in terms of environment friendly projects in the premises of the Communication Workers Union (CWU) and the National Union of Teacher (NUT). The following section discusses the successes of the trade unions where they applied good environmental practices at their own premises.

#### **5.9.2.1. Green Credentials of the Alvescot Training Centre<sup>64</sup>**

CWU has renovated its prestigious education centre called Alvescot Training Centre, on the edge of the Cotswolds. The environmental friendly features of the centre make it stand alone from other such centres maintained by trade unions. The centre is situated on a part-cultivated land. Its residential block is a state of the art

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<sup>64</sup> This section draws upon the website of the Communication Workers Union (CWU) <http://www.cwu.org/eco-tastic-alvescot-open-for-business.html>

environment-friendly building bringing together rainwater harvesting, underground heat sourcing technology and solar power.

Its green credentials will get a boost in future, as there are plans in place to create a wildlife sanctuary pond area within the workers memorial gardens. The land has been allotted for this purpose. Besides this, food served in the centre is sourced from local producers where possible - including local beers for the bar - and students are treated to a selection of Fairtrade products in their rooms.

Wood-burning stoves have been installed in the social areas of the Old Lodge Building that have made these areas much cosier than before. It is hoped that in future, it would be fuelled by coppicing from wood on Alvescot's grounds. Inaugurating the Alvescot Centre, the veteran campaigner and long-time supporter of the CWU, Tony Benn said, *"Everyone who comes here will not only do the courses they've come to attend, but they will go away with an awareness of the environmental issues because they will see here what can be done"*.

#### **5.9.2.2. The National Union of Teachers**

Staff strength at The National Union of Teachers (NUT) is approximately 240 staff in the headquarters in London, the Wales office and eight regional locations. Unite - the union represents the workforce. The reason why the NUT applied for the Green Workplace Project was to build upon the resolution on climate change and sustainable development carried at the NUT's Conference in 2007 to green the union's own operations as an employer. Between 2008-09, work was conducted to identify potential resource savings. The project was launched in 2009. TUC and Unite provided advice on survey design and afterwards, a joint Unite/NUT opinion survey was issued to all staff. The survey results revealed that a third of the total workforce were interested greening their workplaces. Around 39 per cent respondents expressed their desire in becoming more involved in the workplace environment issues.

A green fair was held at the London headquarters to mark the World Environment Day where talks were delivered and union stands exhibited related material. Oxfam films on the global impacts of climate change were also screened at the event. Staff volunteered to undertake environmental training and as a result, two workshops took

place in September and November 2009, involving environmental audit training. The workshops also identified the need to formalise the environmental agenda.

The NUT has signed up to the 10:10 campaign, and is committed to reducing carbon emissions by 10 per cent during 2010. Baseline information on energy use is being established and the senior management team at the NUT will be provided with regular updates. The Unite green representative and designated management representative discussed proposals to install further energy-efficient lighting following findings from the first audit, to install doors on delivery entrances to prevent heat loss, to power down IT equipment overnight and, crucially, to widen the reach of workforce engagement across NUT staff and involve tenants at headquarters. Motion sensor lighting is now in place in toilets and stairwells, light switches have been labeled and a switching-off culture encouraged. The NUT and Unite are working towards developing a network of green reps in head office departments and regional offices, a switch-off campaign is underway, and plans are being made to deliver the union's 10:10 commitments.

There are other instances where the role of environmental representatives has been exemplary.<sup>65</sup> These include:

- Unison environment representatives at Portsmouth City Council carry out spot-checks out of hours to ensure everything is switched off, putting stickers on any offending computers, and the union's representatives at Capita have succeeded in persuading staff in most workplaces to stop using energy consuming toasters and kettles.
- GMB representatives at ASDA have encouraged workers to close walk-in fridge and freezer doors when they are not in use and the union's reps at a recycling centre have persuaded managers to look at using cooking oil for fuel in future.
- Arguments put forward by Prospect representatives at the Countryside Council for Wales when the contract for energy supply was up for renewal led to the selection of a green energy provider. Representatives working for a weapons

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<sup>65</sup> <http://www.tuc.org.uk/workplace/tuc-21166-f0.cfm>



manufacturer have successfully lobbied for the installation of showers for cycling colleagues and parking spaces for car sharers.

- Following a change to shift patterns suggested by Community representatives at Tata Steel, energy efficiency improvements have been made, and the replacement of thousands of light fittings with energy efficient tubes has also made a significant impact on emissions.
- PCS representatives at Defra say that the office temperature is now set at 19°C during the winter months, windows have been resealed inside and out, and heat from the canteen is re-used to heat the building.
- CWU representatives at mail distributor Parcelforce have encouraged the firm's management to buy greener vehicles.
- FBU representatives at Bury Fire Station persuaded managers that old fire hoses could be recycled and they are now being made into bags and belts with the company producing the designer goods donating half the profits to the Firefighters' Charity.

A common thread running across all the successful interventions of the environment representatives is the need expressed by the employees to gauge awareness among the workers regarding the environmental issues at their respective workplaces. In all these projects, the Trades Union Congress (TUC) has provided guidance on developing quick and simple survey protocol. The TUC provided training on the use of survey tools to assess the level of employee awareness. All the employers involved in these projects have conducted these survey and the results have served the purpose of benchmarks, which would then be compared against the progresses made at a later stage in the life of the project.

Another common important aspect in all these intervention is to institutionalise the dialogue process and form forums where union representatives, non-member representatives and the management-designated representatives jointly discuss issues related to environment at the workplace, identify avenues where partners could make difference through joint engagement and seek solutions to such issues. These forums have been given different names such as 'Staff Involvement Forum', or 'Joint Environmental Committee' but the purpose of all these institutions is to give social dialogue at workplace a chance to make difference.

### **5.10. Climate Solidarity Project**

The respondent from the University College Union (UCU) and the independent academic both shared a unique initiative by UCU and other trade unions aimed at bringing about lasting changes in behaviour and attitudes towards climate change and sustainability, and increasing the profile of these issues at the workplace. It is named as 'The Climate Solidarity Project' and is funded through Defra's Greener Living Fund. It is a new initiative of four major trade unions the Public and Commercial Services Union (PCS), the Communication Workers Union (CWU), the National Union of Teachers (NUT) and the University & College Union (UCU) who have partnered with the Climate Outreach and Information Network (COIN), a leading climate change charity.

Climate Solidarity is based on effective strategies derived from evidence-based research and academic partners will rigorously evaluate these strategies. Aims of Climate Solidarity are to work with staff in departments, agencies and Non-Departmental Public Bodies (NDPBs), to bring them together to form 'action groups' and to work together on cutting their carbon emissions, through activities such as home insulation, smarter commuting, or reducing food waste. Research shows that employees who address sustainability issues in their own lives are more likely to support similar measures in the workplace thus helping employers to cut energy costs and meet regulatory requirements such as the CRC Energy Efficiency Scheme.

The employee engagement at all levels of an organisation is vitally important in improving energy efficiency and reducing emissions and this has been acknowledged by ministers and the Environmental Audit Committee of MP's as well. This is more important in the Civil Service where the Climate Solidarity project can make an important contribution to meeting Sustainable Operations on the Government Estate (SOGES) targets. Estimates suggest that employees will require short periods of work time to take part in the 'action group's – typically one hour per month for a period of six months. Optional half-day training is also available for action group conveners. These activities could be undertaken within existing arrangements, such as for employee learning or trade union facility time, but additional time could be considered in order to enhance the inclusivity of the project.

### **5.11. Summary**

Climate change agenda is an important aspect that holds promise for trade unions in terms of enhancing their appeal to workers and helping otherwise declining membership levels. It also provides trade unions with leverage to harness their dwindling utility at the workplace and stop erosion of their importance vis-à-vis employers.

Impacts of climate change have become reality and have started biting workers, employers, governments, people and communities alike, albeit with varying degrees. Climate change and the proposed transition to a low carbon economy offers potential gains in terms of new employment opportunities and help reduce impending redundancies due to incompatibility of skills. Early warnings are informing that the transition to low carbon economy would be painful and more so in the case of workers. Trade unions can benefit from gearing their efforts to make this transition less painful for employees and offer employment opportunities to a growing army of unemployed. By doing so, there is a likelihood that the trade unions will win not only the existing employees to join their rank and file but also the new worker who might join them and look towards them for their employment related problems, hence elevating their position at the workplaces.

It is argued in this study that climate change is a trade union issue because as workers and producers of carbon emissions, they share a part of the blame and hence are duty bound to make amends for that. There are for sure benefits in store for workers and their representatives for involvement in climate change issues because investments by employers in climate change projects will lend longevity to the organisations and in turn securing jobs of workers. If money is freed due to shifting to environment-friendly workplaces, the same could be used to create more jobs. Moreover, retraining of workers to make their skills compatible with low carbon industry will increase their employability.

Trade unions are gearing their efforts and using their resources by pre-empting transition to low carbon economy and are vying for a transition to low carbon and climate resilient economy. If this transition is just, it will maximise benefits and

minimise hardships for workers and communities. Just transition calls for major investments, research and early assessment, a culture of consultation, enhancement of skills and economic diversification.

Convinced of the scientific research and evidence, major British trade unions have been campaigning and asking government to provide one million new, public sector climate jobs that are flexible, safe, secure, just and decent. They argue that if in the previous century, government was able to establish National Health Service, why it cannot establish National Climate Service, along with the same lines, with more or less the same mandate i.e., to serve people. The trade unionists rebut the argument put forward by the government regarding huge public debt, and offer avenues to finance one million climate jobs with a multiplier effect that would create another 0.75 million jobs and increase aggregate demand. These efforts will not only reduce unemployment, but also help Britain to come out of recession.

The role of environmental representatives is pivotal at making workplaces greener and lessen the problems posed by climate change. Environmental representatives can raise awareness among rank and file and help employers with suggesting ways to cutting costs. The workers who will get involved in climate change issues, there is a likelihood that they will develop a soft corner towards trade unions for their problems and hence provide trade unions to revitalise themselves at workplaces. The study further documents success stories where trade union environmental representatives have been instrumental in helping employers to reduce costs and save resources by switching to use of renewable resources.

## **Chapter 6: Conclusion**

In the present study, an effort has been made to explain various trade union motivations to engage with employers using corporate social responsibility as a vehicle. Evidence suggests that a growing number of businesses in Europe and elsewhere in the world are embracing the concept of CSR. An increasing number of businesses have embarked upon a path of producing CSR reports and other such instruments. Trade unions, by virtue of being important players in any industrial relations system, cannot afford to ignore these developments as these developments have serious repercussions for trade unions and their constituency – their members.

Three propositions had been developed to this end and these include:

- CSR is a product of voluntary regulations by corporations.
- Under certain conditions, trade unions take reactive and/or proactive stance in their quest not to leave CSR to business
- There are policy implications for trade unions to embrace CSR proactively.

Academics and practitioners have debated CSR since decades, but still there is ambiguity about the concept. The corporate disasters at the advent of new millennium have brought back the discussion about ethical foundations of business. Pressures from media, NGOs and socially and environmentally conscious consumers all have expressed concerns over questionable business practices. This wider interest justifies some form of corporate governance measures to be put in place to restrain the irresponsible behaviour exhibited by businesses.

Question of responsible social behaviour comes under discussion because of the fact that businesses are situated in the communities and they interact with people day-in and day-out. The actions of business impact a number of groups of people who collectively are termed as stakeholders. Irresponsible business doesn't care about these impacts, whereas responsible businesses do care to minimise and internalise the negative impacts due to their business activity.

Under the banner of CSR, businesses try to integrate social and environmental concerns, stemming from business activity, into corporate structure. It is expected

from businesses that besides generating wealth for their shareholders, they should discharge their obligations towards their immediate and distant stakeholders as well.

In Europe, there is growing interest in CSR that have evolved gradually over time. Several events are precursors of the debate about CSR in Europe. These include formation of IUCN, founding of 'Business In The Community' in the UK, Brundtland Commission Report, Earth Summit at Rio, launching of Global Reporting Initiative, etc. In 2001, European Framework for CSR came in the form of a Green Paper and 2002 saw first communication of the European Commission about CSR. Formation of a Multistakeholder Forum on CSR was a landmark achievement. Recently, in 2010, a European 2020 Strategy was published, which emphasised the need of a new agenda that puts people and responsibility first.

There is a continuous debate about whether CSR should be voluntary or mandatory. As the supporters of mandatory nature of CSR look at CSR to have connotations of accountability, they argue that mandatory element is missing from CSR activity and dilutes the concept.

Economic motive of profit maximisation is at the forefront of business management and hence management looks at CSR in terms of doing well by doing good. Profit motive is the first and foremost driver of CSR. The most important stakeholders of business try to explore linkage between corporate social performance and corporate financial performance. Profit motive or business case for CSR is classified in four categories i.e., defending the business image, justification of benefits over costs, integration with business strategy and new economy business case. Cost reduction, risk minimisation, competitive advantage and win-win outcomes are the CSR approaches adopted by businesses.

Staunch critics of CSR such as Friedman base their criticism on agency theory and argue that management engagement in CSR is excess and drain on the wealth of shareholders. They even go to the extent of terming CSR as private socialism.

Origin of CSR is rooted in Anglo-American capitalism, though it has become equally popular in Europe as well. Not only in Europe, but CSR has spread in other regions of

the world such as Asia, Africa, Australia and South America, albeit with varying degrees. The difference between American and European versions of CSR is that a range of activities that come under the ambit of CSR are tax-financed in Europe. Repercussions of interaction of corporation with the US society form the basis of Anglo-Saxon concept of CSR, though the American concept of CSR is not compatible with the European model as Europe has well regulated and well defined rights regimes.

A further enquiry into the origins of CSR could lead to tracing the origins in some kind of self-interest. Some of the academics see CSR originating as strategic philanthropy. Quaker movement in the US could be cited as an example of the philanthropic nature of CSR. Or for that matter, founding of Saltaire by Sir Titus Salt in the UK could be another proof of philanthropic nature of CSR on this side of the Atlantic. Ideals of Victorian period such as religious values, taking care of the poor and disadvantaged could also be cited as having seeds of CSR, though not explicitly articulated in CSR terminology. But sadly, the big philanthropic business examples such as Saltaire, Cadburys and Port Sunlight are exceptions rather than rules.

Mushrooming of voluntary codes of conduct is a response of business in the reaction to scrutiny by broader civil society. These codes are developed as substitutes of genuine CSR. There are a variety of these codes ranging from individual company codes to multistakeholder codes.

Having explored the origins of CSR, attention is diverted to unpacking the concept of CSR. It is argued that CSR is mystified concept and as one commentator has remarked, 'it means everything to everybody'. Carroll (1999) has done pioneering work in developing the understanding of CSR. He tracked history of the concept of CSR and quoted several accounts of CSR in various decades since 1950s. Carroll (1999) has conceptualised CSR in his famous pyramid. The base of the pyramid rests on economic responsibility, and as one moves up the pyramid, one finds legal and ethical responsibilities. On top of the pyramid is philanthropic responsibility. These responsibilities are described in terms of requirements, expectations and desires of stakeholders from the businesses.

Differences in national institutional effects is an under researched area. Few studies have done comparative institutional analysis between America and Europe. The findings of these studies suggest that the difference among the CSR understanding between America and Europe is due to influence of some specific institutions. Institutions are defined as set of rules and routines that define actions in terms of relations between roles and situation. The research has differentiated American CSR as explicit CSR based on altruism, whereas in the UK, there is an implicit nature of CSR. This is true for the rest of Europe as UK shares legal structures and institutional arrangements with Europe.

Despite an increase in global convergence in business practices, the country experiences differ in business practices. This difference is attributed to differences in managerial behaviour across countries. However, there is another set of researchers who have not found empirical evidence in favour of differences across countries. Some studies have found culture as an explanatory factor of divergent CSR practices across nations. Political systems in different countries also explain a part of divergence in CSR practices across countries.

Academics use various lenses to understand CSR. Business obligation for social betterment is one such lens used to look at CSR. In a similar vein, other researchers consider CSR as 'good neighbourliness'. But there is plenty of evidence that businesses are expected to rise above their economic responsibilities and fulfill social responsibilities. Another study has analysed the annual reports of companies and have documented the proportion of prose in company reports that has been devoted to social responsibilities.

Due to the importance and influence of European Union, it is advisable to understand how European Union expresses its thoughts about CSR. The European Commission defines CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on voluntary basis. An analysis of this definition reveals that it expects companies not only to perform well in their economic pursuits but also to contribute to the welfare of society. In this way, it acknowledges the business case for CSR.



There are several approaches to CSR i.e., economic, stakeholder and institutional approaches. Economic approach could be classified as classical whereas stakeholder approach as neo-classical view. The leader of the classical view of CSR is thought to be the famous economist Milton Friedman. He is very critical of altruistic CSR and reminds businesses that their only responsibility is business and nothing else. He goes a step further and terms CSR as 'disguised socialism', whereas there are others who believe CSR to contribute positively to maximise shareholder value.

Stakeholder approach to CSR expects companies to go beyond their legal responsibilities and take care of people who affect or are affected by achievements of the organisation. Even stakeholder approach to CSR does not go without criticism and is criticised on several counts such as multiplicity and complexity of stakeholders as well as the equality of stakeholders is seen as problematic.

Institutional approach to CSR is an extension of stakeholder approach. Institutions are humanly devised constraints that shape human interaction. Institutions structure incentives in human exchanges. Institutions define what is recommended and what is prohibited. Researchers are of the opinion that when companies engage with stakeholders in repeated transactions, they are bound to be ethical and honest as this behaviour pays back.

Neoliberalism is about removal of barriers to free markets and takes organised labour as one such barrier. Globalisation is also a consequence of neoliberalism by way of which control of the individual nation state is eroding. This erosion of the control to regulate creates a regulatory gap, which is filled via CSR. Companies embark upon self-regulation, which is not participatory and hence is not always in favour of workers and their representatives. This approach is termed as 'third way' which is an offshoot of neoliberalism, yet is a benign or a bit more human face of neoliberalism.

A shift away from social responsibility towards corporate accountability has been noted. The examples of different pressure groups demanding accountability are quoted in this regard. For example the a proposal by Friends of Earth to hold Corporate Accountability Convention, Right to know campaign in the US, CORE's

call for mandatory triple bottom line reporting and Publish What You Pay are all manifestations of this shift away from social responsibility to corporate accountability.

A left wing variant of the Third Way is Cosmopolitan Social Democracy. Proponents of this school of thought are of the opinion that globalisation has eroded the sovereignty of nation state and there should be some regulatory mechanism available at international level. Growing interest of the Global Union Federation could be seen as an attempt to devise some governance mechanism at the global level to ensure that international labour standards are adhered to by responsible businesses.

Empirical evidence from E12 of the then 15 EU member states in 2006 suggested that though there was apparent increase in union membership, yet trade union density, which is more appropriate measure of union strength, has declined in these countries. In the UK both membership and density have declined over time. Another way of comprehending the decline in trade union power is to analyse the decline in collective bargaining and coverage of public sector employees by collective bargaining. Some researchers have found 82 per cent of public sector employees were covered by collective bargaining whereas only 21 per cent of their private sector comrades have been covered by collective bargaining.

Deregulation, exposure of industry in Britain to international competition, decline of manufacturing and basic industry, growth of service sector employment, shrinking public sector and demise of institutions such as NEDS and Manpower Commission all have contributed to weaken the trade unions in the UK. The main manifestations of neo-liberalism include the supremacy of the market, public expenditure cuts, deregulation and privatisation.

The traditional trade union agenda includes better pay and working conditions, increased influence over workplace decisions and protection against the arbitrary management action. Since these issues are very dear to rank and file of the union, members regard those trade unions more effective that establish success in these areas. In neoliberal environment trade union power is dented and partnership with employers holds promise for trade unions to recapture their historic process.

Trade unions are wary of some aspects of CSR i.e., it's voluntary nature and the equating of labour with other stakeholders. Unions think that by equating them with other stakeholders, businesses reduce them to a subsidiary status. They see in this approach diminution of their stature and influence. Similarly, unions hate the voluntary nature of CSR as this approach is not participatory and excludes trade unions from the process. On the other hand, there is the other view, which tries to convince trade unions to engage with the management to seek leverage with employers and gain some benefits for their members.

There is paucity of literature on the issue of trade union motivations of CSR. Academic literature on CSR is influenced by Anglo-Saxon tradition and does not pay proper attention to response of trade unions towards CSR. This neglect is attributed to the nature of American business system that has lesser presence of trade union and anti-union feeling among the US businesses. For Europe, a single study has identified five different positions adopted by trade unions towards CSR. These range from complete antagonistic relations to complete ignorance of the concept in certain quarter in the Eastern Europe. There is a middle path adopted by trade unions where they see themselves as champions of CSR. These are the trade unions from the countries with rich corporate traditions. Some of the trade unions exhibit scepticism about the genuine nature of CSR and take it as 'icing on the cake'.

Although, several volumes of research journals have been dedicated to Corporate Social Responsibility and there is glut of books and other written material such as blogs, yet the more is written about CSR, the more the vision is blurred. This dilemma of multiplicity of understanding is shared by managers, academics, media persons, students and trade unionists. It is the understanding of the latter – trade unionists - that the present study aims to analyse and contribute to the body of knowledge already available on related subjects in general. Since there is paucity of literature on the trade union-employer relationship via CSR, this study attempts to come up with fresh and genuine insight by employing grounded theory approach to a set of trade unions that exhibit similar, yet variable characteristics.

Qualitative research design is adopted for this study and qualitative research tools have been used to interpret the data. The research tools used for the present study include semi-structured questionnaire, interviews and document analysis. In total, 13 interviews were conducted from the trade unionists from UK, Germany, Norway, Finland, and Spain including two Global Union Federation representatives based in Geneva, Switzerland.

The interview, questionnaires and document data were interpreted and an effort was made to test the propositions. The interview data and document analysis lends support to the propositions. Through the first proposition, it was argued that CSR is product of voluntary regulation by corporations. It was further argued that since there is a withdrawal of state regulation, it has created a regulatory vacuum. Companies have come forward to capitalize upon the opportunity and have started their engagement in CSR activities. Companies claim to be socially responsible based on their self-identified project interventions.

Trade unions are not ready to take corporate claims of socially responsible behaviour and are critical of company CSR performance. Their apprehensions are based on the voluntary nature of CSR whereby companies redefine their responsibilities unilaterally and pose as if they have done enough in terms of their responsibility towards the society. Response data confirms that although not all the CSR is bad, yet the very nature of CSR by way of which the CSR programmes are not negotiated with the stakeholder is problematic.

Trade unions also doubt about the genuineness of corporate CSR and term it as 'Greenwash'. Trade unions quote several examples where corporate claims were mere exercise of public relations and an attempt to salvage their image. Greenwashing by companies is seen by trade unions as an attempt to divert the attention of the regulators. Companies produce very nice reports that are full of their claims about their concern for the society at larger. The interview data supports it as well.

Trade unions are also critical about corporate social disclosure as there is no mechanism available to any outsider to verify the claims made by the companies. Financial audit industry, trade unionists argue, is well developed with proper

governance and regulation mechanisms. Compared to that, the social audit business is at its nascent stage and the process of social audits becomes dubious due to co-option of auditors by companies. Data for the present study supports the concerns of trade unions regarding the lack of reliability of the CSR claims by companies. Moreover, trade unions also take the practice of CSR awards with a pinch of salt and are convinced that in its present form, the practice of CSR awards is self-serving activity.

Trade unions see deregulation of business as an infringement on power vis-à-vis employers. Soft law is being promoted instead of legally binding hard laws that have serious repercussions for trade union legitimacy as genuine players in industrial relations system. Within trade union circle, there is an understanding that CSR is a threat to trade unions. The question that this study has tried to answer is that if CSR is a threat, then why trade unions are engaging with companies through CSR both at national and international level. The interpretation of data reveals that although trade unions have their reservations regarding the nature of CSR, yet there is an understanding among trade unions at the national and global level that CSR also offers opportunities as well. It is the intention of the trade unions to capitalize on the opportunities offered by CSR. Their engagement with businesses via CSR would provide them with an opportunity to shape CSR agenda as they want it to be. And that is only possible when they enter into a dialogue process. There is a compelling trade reason for trade unions to enter into partnerships with business and try to get maximum benefits of their members.

Similar type of engagement with businesses has been exhibited by trade unions at the global level. Negotiation of Global Framework Agreements by Global Union Federations and their national counterparts with companies is a manifestation of the same compulsion.

Industrialisation contributes to strong trade unions and there is a significant wage differential between union and non-union workers. Rich body of literature has discussed governance gap and regulatory failure associated with economic globalisation. Inability of governments to regulate business has given rise to public discontent that has been expressed in the form of demonstrations and confrontation.

Media and civil society has exerted pressure on the corporations for disclosure and as a response companies have come up with unilaterally decided codes of conduct.

These private codes of conduct have been criticised academics and trade unionists. They see in these an attempt to deflect attention of regulators. Workers are at receiving end in the form of job losses and other workers' right violations by businesses. Although, it is responsibility of the state to protect workers' rights, yet sterility of governments compels organised labour to explore alternative arrangements to shield themselves from corporate excesses.

National trade unions play very important role in smooth functioning of a good industrial relations system. However, due to trade and financial, the companies have entered into borderless mode. It is beyond the resources of local and national trade unions to restrain enormous powers of corporations. Due to the global nature of the problem, global solutions are required and Global Union Federations are best suited to confront with the global corporate players. Global trade union movement has found in the form of global framework agreements a better instrument as compared to the voluntary codes of conduct.

GUFs are in search of ways to round the corporations and there is a history of struggle to convince WTO to acknowledge the linkage between trade and labour standards. Corporate world has pitched workers from developing countries against the workers from the developed world on the issue of inclusion of social clause in trade negotiations. After a long drawn battle, trade unions were not successful in convincing the world to recognise any such linkage. Trade unions also tried to move the offices of the prime international labour body i.e., the ILO, but due to tripartite nature of ILO, not much was achieved.

The then International Trade Secretariats, the predecessors of GUFs, devised another instrument in the name of international framework agreements as a vehicle to promote workers' rights at the international level. Since 1988 when the first IFA was signed between Danone and IUF, GUFs have used this instrument with caution. By the end of 2012, nine GUFs, representing 184 million workers around the globe, have collectively signed 95 IFAs. Initially, there was an enthusiasm among the GUFs and

between 2000-2006, 34 IFAs were signed. Since then the pace has slowed down and between 2007-2012, only 20 IFAs have been negotiated.

The present study has analysed 54 IFAs concluded by IndustriALL and BWI found that there is a debate about the name of these agreements. There are several names used for these agreements. Some name them IFAs, and the others call them GFAs. Now there is a consensus emerging over GFA as it better represents the nature of the instruments and are applicable to each and every worker associated with the trade unions around the globe.

The GFAs signed so far have various aims. Some of the aims include:

- *“to reinforce social dialogue, and the mutual exchange of information”;*
- *“to preventing the irreversible process of globalization”;*
- *“to respect basic human and trade union rights”;* and
- *“to respect worldwide the fundamental principles and core labour standards of the International Labour Organisation”.*

Within the text of GFA, reference is made to International Labour Organizations Conventions. Reference is also made to the other International Standards including, UN Universal Declaration on Human Rights, OECD Guidelines on Multinational Enterprises, ILO Declaration of Fundamental Principles and Rights at Work (ILO-DFPRW), General/Partial Mention of ILO Conventions, and United Nations Global Compact (UNGC). Other provisions included in the GFAs include hours of work; health and safety matters; training; environmental issues; coverage of contractors and sub-contractors and enforcement.

Climate change is a new item in the menu of trade unions. Although, the traditional trade union agenda is very important, yet, climate change holds a promise for trade unions in terms of attracting new members, especially from the young working lot. It is also an expression of trade union commitment to the cause of sustainable development, which has pay offs for trade unions.

Serious scientific research has provided evidence of a linkage between climate change and employment. Deterioration of climate has serious repercussions for environment and for workers as well. Climate change has proven negative outcomes for employment and it is prescribed to the trade unions to associate themselves to the efforts to harness climate change.

Climate change adaptation has positive impacts for employment. Climate change mitigation also holds promise for workers in terms of more sustainable job creation in future. Trade unions have a mixed view about climate change. There are some who are staunch supporters of the inclusion of climate change in the trade union agenda. Yet others are think inclusion of climate change as over burdening the already comprehensive traditional trade union agenda.

Just transition package includes investment, research and early assessment, consultation and social dialogue, education and training, social protection and security, and economic diversification. Convinced by state of the art scientific research, major British trade unions have adopted climate change in their agenda. They are demanding from government to provide resources for the creation of one million climate jobs

Convinced of the scientific research and evidence, major British trade unions have been campaigning and asking government to provide one million new, public sector climate jobs that are flexible, safe, secure, just and decent. One of the respondents of the present study argues that if in the previous century, government was able to establish National Health Service, why it cannot establish National Climate Service, along with the same lines, with more or less the same mandate.

Government's inactivity is based on the premise that there is a huge public debt and not many resources are available to be set aside for climate. The trade unionists reject this argument put forward by the government, and offer alternative avenues to finance one million climate jobs with a multiplier effect. It is argued that efforts will not only reduce unemployment, but also help Britain to come out of recession.



Trade unions could utilize environmental representatives at workplaces to make workplaces greener and lessen the problems posed by climate change. Services of environmental representatives could be utilised to create awareness among rank and file and help employers with suggesting ways to cutting costs.

By way of summary, this research started with the objective to understand the motivations of European trade unions to get involved in corporate social responsibility initiatives by businesses. This objective had three specific prepositions: one, CSR is a product of voluntary regulations by corporations. Due to withdrawal of state from regulatory activity, a vacuum of regulation has been created and businesses have tried fill in that vacuum by engaging in CSR; two that CSR is a response to decline in trade union influence in power whereby stakeholders which may or may not include employees, try to restrain the power of individual corporations. It was argued that due to decline in trade union power, trade unions are using CSR as leverage to recoup their lost power; and three that CSR is a product of international regulation on labour standards and environmental issues. It was argued that due to liberalisation business operations had expanded beyond borders and so did their power and trade unions were trying to counter corporate power with global response through global governance instruments.

Underpinned by an interpretive approach to research, and a multi-method research design, this study provides evidence from the individual trade unions from UK, Umbrella trade union organisations from Germany, Spain, Finland, and Global Union Federations from Geneva that although there are apprehensions about CSR due to its voluntary nature, yet the trade unions don't want to leave it to the private self-regulation by businesses and want to avail of the opportunities by engaging in an exercise to shape the CSR agenda.

Chapter 1 has introduced the definitional aspects of CSR and traced origins of CSR. Importantly, three theoretical approaches have been discussed i.e., stakeholder, economic and institutional approaches. In chapter 3 analysis of data has been done to seek support for propositions that have been developed. Chapter 4 elaborates upon the unique option available to trade unions in the form of global framework agreements to come up with a mechanism of global governance. In Chapter 5, another new avenue

for trade union in the form of climate change has been discussed. Climate change is an addition to the traditional trade union agenda that might possibly provide further legitimacy to trade unions.

Novel contribution is a hallmark of doctoral research. A research problem shows promise of contributing meaningfully to the field or discipline only if it is justified; grounded in the research literature; original and amenable to scientific study. The present research fulfills these criteria. Evidence supports that the problem under discussion was significant to the professional field. The problem was authentic and worthy of solution as the problem was significant and required urgent attention.

The problem was articulated within the context of a theoretical or conceptual framework. The problem was framed in such a way that the new findings will have implications for the previous findings. Significant gaps in literature were identified and treatment of problem was done with an expectation to result in an original contribution to the discipline. A scholarly, systematic method of inquiry has been applied to address the problem. An effort has been made to maximise scholarly objectivity by framing the problem in the context of a systematic inquiry that permitted multiple possible conclusions.

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## Appendix 1: Definitions of CSR

Definition source	Definition	Frequency count	Dimensions
Commission of the European Communities, 2001	A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis	286	Voluntariness Stakeholder Social Environmental Economic
World Business Council for Sustainable Development, 1999	The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life	180	Stakeholder Social Economic
World Business Council for Sustainable Development, 2000	Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large	156	Voluntariness Stakeholder Social Economic
Commission of the European Communities, 2001	Corporate social responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment	134	Voluntariness Social Environmental
Business for Social Responsibility, 2000	Business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment	131	Voluntariness Stakeholder Social Environmental Economic
Business for Social Responsibility, 2000	Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. Social responsibility is a guiding principle for every decision made and in every area of a business	117	Voluntariness Stakeholder Economic
IBLF, 2003	Open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success	82	Voluntariness Stakeholder Social Environmental Economic
Khoury <i>et al.</i> , 1999	Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance	48	Stakeholder Social Environmental Economic

Definition source	Definition	Frequency count	Dimensions
Business for Social Responsibility, 2003b	Corporate social responsibility is achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment	46	Voluntariness Stakeholder Social Environmental Economic
Commission of the European Communities, 2003	CSR is the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large	40	Voluntariness Stakeholder Social Economic
CSRwire, 2003	CSR is defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees and the environment are reflected in the company's policies and actions	31	Voluntariness Stakeholder Environmental Economic
Hopkins, 1998	Corporate social responsibility is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation	21	Voluntariness Stakeholder Social
Ethics in Action Awards, 2003	CSR is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit	17	Stakeholder Social Environmental Economic
Jones, 1980	CSR is defined as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership	15	Voluntariness Stakeholder
Hopkins, 2003	CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically or responsible' means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation	14	Voluntariness Stakeholder Social Economic

Definition source	Definition	Frequency count	Dimensions
Marsden, 2001	Corporate social responsibility (CSR) is about the core behaviour of companies and the responsibility for the total impact on the societies in which they operate. CSR is not an optional add on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effects it has on society	11	Social Environmental Economic
McWilliams and Siegel, 2001	Actions that appear to further some social good, beyond the interests of the firm and that which is required by law	10	Voluntariness Social
Ethical Performance, 2003	At its best, CSR is defined as the responsibility of a company for the totality of its impact, with a need to embed society's values into its core operations as well as into its treatment of its social and physical environment. Responsibility is accepted as encompassing a spectrum – from the running of a profitable business to the health and safety of staff and the impact on the societies in which a company operates	6	Stakeholder Social Environmental Economic
Global Corporate Social Responsibility Policies Project, 2003	Global corporate social responsibility can be defined as business practices based on ethical values and respect for workers, communities and the environment	6	Voluntariness Stakeholder Social Environmental Economic
Commission of the European Communities, 2002	Corporate social responsibility is about companies having responsibilities and taking actions beyond their legal obligations and economic/business aims. These wider responsibilities cover a range of areas but are frequently summed up as social and environmental – where social means society broadly defined, rather than simply social policy issues. This can be summed up as the triple bottom line approach: i.e. economic, social and environmental	5	Voluntariness Social Environmental Economic
Pinney, 2001	Corporate social responsibility (CSR) or corporate citizenship can most simply be defined as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts	5	Social
IndanNGOs.com, 2003	Corporate social responsibility is a business process wherein the institution and the individuals within are sensitive and careful about the direct and indirect effect of their work on internal and external communities, nature and the outside world	4	Stakeholder Social Environmental Economic
Business for Social Responsibility, 2003a	Socially responsible business practices strengthen corporate accountability,	3	Voluntariness Stakeholder

Definition source	Definition	Frequency count	Dimensions
	respecting ethical values and in the interests of all stakeholders. Responsible business practices respect and preserve the natural environment. Helping to improve the quality and opportunities of life, they empower people and invest in communities where a business operates		Social Environmental Economic
Kilcullen and Konista, 1999	CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state	2	Voluntariness
Piacentini <i>et al.</i> , 2000	CSR is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities	2	Voluntariness
UK Government, 2001	Corporate social responsibility recognizes that the private sector's wider commercial interests require it to manage its impact on society and the environment in the widest sense. This requires it to establish an appropriate dialogue or partnership with relevant stakeholders, be they employees, customers, investors, suppliers or communities. CSR goes beyond legal obligations, involving voluntary, private sector-led engagement, which reflects the priorities and characteristics of each business, as well as sectoral and local factors	2	Voluntariness Stakeholder Social Environmental Economic
Woodward-Clyde, 1999	CSR has been defined as a 'contract' between society and business wherein a community grants a company a license to operate and in return the matter meets certain obligations and behaves in an acceptable manner	2	Stakeholder
Reder, 1994	An all encompassing notion, [corporate] social responsibility refers to both the way a company conducts its internal operations, including the way it treats its workforce, and its impact on the world around it	1	Stakeholder Social Environmental
Lea, 2002	CSR can be roughly defined as the integration of social and environmental concerns in business operations, including dealings with stakeholders	1	Stakeholder Social Environmental Economic
Lea, 2002	CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment	1	Voluntariness Stakeholder Social Environmental
Foran, 2001	CSR can be defined as the set of practices and behaviours that firms adopt towards their labour force, towards the environment in which their operations are embedded, towards authority and towards civil society	1	Stakeholder Social Environmental

Definition source	Definition	Frequency count	Dimensions
Andersen, 2003	We define corporate social responsibility broadly to be about extending the immediate interest from oneself to include one's fellow citizens and the society one is living in and is a part of today, acting with respect for the future generation and nature	1	Stakeholder Social Environmental
Frederick <i>et al.</i> , 1992	Corporate social responsibility can be defined as a principle stating that corporations should be accountable for the effects of any of their actions on the community and environment	1	Stakeholder Social Environmental
Van Marrewijk, 2003	In general, corporate sustainability and CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders	0	Voluntariness Stakeholder Social Environmental Economic
Van Marrewijk, 2001	Companies with a CSR strategy integrate social and environmental concerns in their business operations and in their interactions with their stakeholders and demonstrate openly their triple P performances	0	Stakeholder Social Environmental Economic
Jackson and Hawkes, 2001	Corporate social responsibility is how you treat your employees and all your stakeholders and the environment	0	Stakeholder Social Environmental
Strategis, 2003	CSR is generally seen as the business contribution to sustainable development, which has been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, and is generally understood as focussing on how to achieve the integration of economic, environmental and social imperatives	0	Social Environmental Economic

## Appendix 2: Year-wise list of IFAs by BWI and IndustriALL

2000	Faber-Castel	BWI
2000	Hochtief	BWI
2000	Freudenberg	IndustriALL
2001	Skanska	BWI
2001	Indesit	IndustriALL
2001	IKEA	BWI
2002	Eni	IndustriALL
2002	Norske Skog	IndustriALL
2002	AngloGold	IndustriALL
2002	Endesa	IndustriALL
2002	DaimlerChrysler	IndustriALL
2002	Volkswagen	IndustriALL
2002	Bellast Nedam	BWI
2003	SKF	IndustriALL
2003	GEA	IndustriALL
2003	Leoni	IndustriALL
2003	Evonik RAG	IndustriALL
2003	Rheinmetall	IndustriALL
2004	Röchling	IndustriALL
2004	Renault	IndustriALL
2004	Prym	IndustriALL
2004	Bosch	IndustriALL
2004	EDF	IndustriALL
2004	Lukoil	IndustriALL
2004	SCA	IndustriALL
2004	Impreglio	BWI
2005	EADS	IndustriALL



2005	BMW	IndustriALL
2005	Veidekke	BWI
2005	Stabilo	BWI
2005	Lafarge	BWI/IndustriALL
2005	Arcelor	IndustriALL
2006	Royal BAM	BWI
2006	Staedtler	BWI
2007	Brunel	IndustriALL
2007	VolkerWessels	BWI
2007	Umicore	IndustriALL
2007	Inditex	IndustriALL
2008	Aker	IndustriALL
2008	Vallourec	IndustriALL
2008	Italcementi	BWI
2008	Rhodia	IndustriALL
2008	Statoil	IndustriALL
2009	Wilkhahn	BWI
2010	GDF Suez	BWI/IndustriALL
2010	PSA-Peugeot-Citroën	IndustriALL
2010	Norske Hydro	IndustriALL
2011	Electrolux	IndustriALL
2011	Petrobras	IndustriALL
2011	Mizuno	IndustriALL
2012	Ford	IndustriALL
2012	MAN SE	IndustriALL
2012	Siemens	IndustriALL
2012	SAAB	IndustriALL

### Appendix 3: Dispute Resolution Provisions in IFAs by BWI and IndustriALL

Aker	<ul style="list-style-type: none"> <li>a) Firstly, the complaint should be raised with the local site management.</li> <li>b) If the complaint is not resolved with local management, it should be referred to the appropriate national union who will raise the issue with the company's regional president.</li> <li>c) If still unresolved, the complaint will be referred to Aker's Chief Shop Steward who will take the issue to Aker's Chairman and CEO.</li> <li>d) Ultimately, if still unresolved, the complaint will be referred to a monitoring group, consisting of an equal number of (company) management and union (including IMF) representatives (3+3). In case of deadlock, arbitration will be handled by the ILO or a neutral party agreed upon by (company) management and the union side.</li> <li>e) After this process has been exhausted failure to reach a consensus will mean a termination of the agreement.</li> </ul>
AngloGold	An ad hoc sub-committee will be established when necessary to consider plans and proposals placed before it by either party following any alleged breach of accepted standards of conduct that could not be resolved at corporate level as per 4.1.
Arcelor	This agreement is governed by Luxembourg law. Consequently, any disputes will fall within the exclusive competence of the Luxembourg courts.
Ballast Nedam	Questions of interpretation, for instance with regard to the content and/ or meaning of this agreement in respect of its application to any individual case will be clarified jointly between BALLAST NEDAM, the IFBWW and FNV BOUW
BMW	No mention
Bosch	Complaints regarding possible breaches of the above principles will be investigated; any action required will be discussed and implemented by the senior management and associate representatives responsible. The Executive Committee of the Europa Committee of the Bosch Group will be informed about any complaints that cannot be dealt with satisfactorily at a national level. If necessary, the implementation of this declaration will be discussed at meetings between the Board of Management and the Europa Committee.
Brunel	<b>The parties will meet to discuss any concerns raised by a party to this agreement concerning its implementation.</b>
Daimler Chrysler	The senior managers of each business unit are responsible for ensuring compliance with these principles; they will take appropriate measures in respect of implementation. They will designate contacts to whom business partners, customers and employees can turn in case of difficulty. Any complaint brought to the managers' attention in this way shall not result in adverse consequences for the complainant.
EADS	In the countries in which EADS operates, trade union or works council representatives may inform central management orally or in writing of any breach of one or more terms of the aforementioned provisions. EADS central management shall take appropriate measures to eliminate any breach of the aforesaid principles, reporting on any measures taken to a plenary session of the European Works Council. The European Works Council may submit proposals for corrective measures to ensure compliance with this agreement to the management of EADS or the relevant Business Unit.

EDF	Social dialogue (including formal discussion) between employers and employees representatives shall be the preferred method for addressing issues affecting the interests of the company and its employees, the settling of disputes and the implementation of this Agreement.
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#### **Appendix 4: Basic Interview Request Letter**

*(Insert address here)*

*(Insert date)*

Dear *(Insert name)*

**Re: Research on the trade union motivations for Corporate Social Responsibility (CSR)**

I am a postgraduate research student based in the Business School at Middlesex University. I am conducting research on trade union motivations for Corporate Social Responsibility (CSR) as part of my PhD studies.

I am interested to understand the reasons due to which trade unions are participation in CSR initiative by business. Academic literature on the subject informs us that there are various responses of trade unions towards the concept of CSR. These responses include outright rejection, conditional acceptance, enthusiastic embracing, and ignorance. Our focus is on the trade union organisations that have, in some way or the other associated them with the CSR initiatives by businesses. I want to understand why such trade union organisations have adopted that path. Having spent some time reading about the literature on CSR in general and with specific reference to CSR, I am now in the process of speaking to people who are involved or have an interest in the work related to CSR.

I have spoken to (insert name) and he/she thought that you would be an important person for me to talk to. I would be grateful if you would consider being interviewed for this study. The interview would be conducted at a time and place convenient to you and I envisage it would take about 30 - 45 minutes. All information supplied will be treated as confidential and will be used for research purposes only. The main output of the study will be a dissertation that will be submitted for consideration for the award of PhD.

Respondents will not be identified in the dissertation or in any publications. Please see attached sheet for further information.

I will telephone or e-mail you shortly, but in the meantime if you have any queries please do not hesitate to contact me at the address given below or e-mail [sk1097@live.mdx.ac.uk](mailto:sk1097@live.mdx.ac.uk) or telephone ++44 (0)75 1542 0180.

Thank you very much for your attention.

Yours sincerely,  
Syed Kazmi

PhD Candidate

Middlesex University Business School, The Burroughs, Hendon, London  
NW4 4BT

## **Appendix 5: Information sheet for respondents**

### **Research on the trade union motivations for Corporate Social Responsibility (CSR)**

#### *Information sheet for respondents*

##### *What is the study about?*

CSR is not a new phenomenon and has been frequently mentioned in business parlance for the last couple of decades. There is mix response from trade unions across Europe towards CSR. There is a paucity of research on the relationship between businesses and trade unions with specific reference to CSR. Due to lack of research in this area, there is a gap in understanding about this issue. An effort would be made through this study to fill the existing gap in literature and contribute to the general body of knowledge.

##### *What will it involve?*

Talking to Syed Kazmi, a postgraduate research student about trade union motivations for CSR. The interview will be conducted at a time and place convenient to you and will take about 30-45 minutes. The interview will be digitally recorded with your permission. The recorded interview will only be heard by the research student. Everything you say will be treated as confidential and information you supply will be used for research purposes only. You will not be identified in the dissertation or any publications or presentations.

##### *What sort of questions will be asked?*

I am interested in your ideas and perspective - your 'take' on issues. There are no set questions rather a number of topics will be explored. The topics will be related to your organisation's position on CSR and the way your organisation is engaging with businesses through CSR.

##### *What are the outputs from this study?*

The main output of the study will be a dissertation that will be submitted to Middlesex University Business School for consideration for the award of PhD. You will not be identified in the thesis or any publications or presentations.

##### *What if I have got any questions?*

Please feel free to contact me: Syed Kazmi, Middlesex University Business School, The Burroughs, Hendon, London NW4 4BT. Tel: ++44 (0)75 1542 0180  
E-mail: [sk1097@live.mdx.ac.uk](mailto:sk1097@live.mdx.ac.uk)

Thank you very much for your help.

## **Appendix 6: List of documents analysed**

### **Akava**

Seretin, L. (2001). “SAK, STTK, AKAVA: Together”, The Central Organisation of Finnish Trade Unions – SAK, <http://netti.sak.fi/sak/pdf/together.pdf>

### **BWI**

Interaction between governmental social regulation and voluntary agreements with companies, 10. 11, 2005, <http://www.bwint.org/default.asp?index=2&Language=EN>

Corporate Social Responsibility has to include protecting workers' rights, working and living conditions, <http://www.bwint.org/default.asp?index=1363&Language=EN>, 29 January 2008

### **Comisiones Obreras**

Proposals to be debated by the Comisiones Obreras T.U. Confederation at its 8<sup>th</sup> Confederal Congress to be held in Madrid from 21-24 April, 2004, <http://www3.ccoo.es/pdfs/PonenciaING.pdf>

### **DGB**

Corporate Social Responsibility – The Situation in Germany from the Trade Unions' Point of View (CSR Blog by Rainald Thannisch)  
<http://www.workerscapital.org/blog/post/corporate-social-responsibility-the-situation-in-germany-from-the-trad>

DGB, (2009). “10-Point Paper on Corporate Social Responsibility adopted by German Confederation of Trade Unions (DGB) and its affiliates”, DGB, <http://www.dgb.de/themen/++co++mediapool-d53cc7ab420124dd635aa3dc03429f87>

DGB, (2011). “Statement of the German Confederation of Trade Unions on the CSR Communication of the EU Commission of 25 October 2011”, <http://www.dgb.de/themen/++co++d5cedd04-8d1d-11e1-469b-00188b4dc422>

DGB, (2009). Was ist Corporate Social Responsibility?

<http://www.dgb.de/themen/++co++31590e62-2b00-11df-6376-001ec9b03e44/>

### **ETUI**

Schömann, I. (2012). “ISO 26000: The new face of corporate social responsibility?”, European Trade Union Institute Policy Brief No. 1.

Schömann, I., and Clauwaert, S. (2012). “European social dialogue and transnational framework agreements as a response to the crisis?”, European Trade Union Institute Policy Brief No. 4, p. 1-7.

Schömann, I. (2009). “European social dialogue: collective autonomy at European level?”, in: Social developments in the European Union 2008 , Brussels: ETUI, 137–154.

## **ETUC**

Corporate Social Responsibility in Europe must not try to replace collective bargaining and legislation, says the ETUC, <http://www.etuc.org/a/453>

ETUC Resolution June 10, 2004 Corporate Social Responsibility (Employees Financial Participation) <http://www.etuc.org/a/248>

Corporate social responsibility (What is CSR to ETUC), <http://www.etuc.org/a/139>

## **ITUC**

ITUC: A Trade Union Guide to the GRI Sustainability Reporting Guidelines [http://www.ituc-csi.org/IMG/pdf/08-05-08\\_GRI\\_Guide.finalEN.pdf](http://www.ituc-csi.org/IMG/pdf/08-05-08_GRI_Guide.finalEN.pdf)

## **Prospect**

Prospect, (2008). “Corporate Social Responsibility: Negotiator’s Guide”, Prospect [http://www.prospect.org.uk/library/documents/200800190\\_corporate\\_social\\_responsibility](http://www.prospect.org.uk/library/documents/200800190_corporate_social_responsibility)

Prospect, (2012). “Prospect’s CSR Circular No: 2011/04219”, Feb. 22, 2012, <http://library.prospect.org.uk/id/2011/04219>

Prospect, (2012). “Prospect Corporate Social Responsibility: Policy, Objectives, and Action Plan”, <http://library.prospect.org.uk/id/2012/00266?display=preferred>

Prospect, (2012). “Annual Report 2012”,

## **Unite The Union: Partnership**

[http://archive.unitetheunion.org/resources/equalities\\_2011/equalities\\_-\\_legacy\\_content/equalities\\_campaigns/dignity\\_at\\_work/partnership.aspx](http://archive.unitetheunion.org/resources/equalities_2011/equalities_-_legacy_content/equalities_campaigns/dignity_at_work/partnership.aspx)

Cogent, Unite, Prospect Agreement on Apprenticeship, [http://www.cogent-ssc.com/general/news/26\\_07\\_11\\_ata.php](http://www.cogent-ssc.com/general/news/26_07_11_ata.php)

Unite, (2011). “Unite response to the European Commission public consultation on disclosure of non-financial information by companies”, [http://centrallobby.politicshome.com/fileadmin/epolitix/stakeholders/EC\\_CSR\\_Jan\\_2011.pdf](http://centrallobby.politicshome.com/fileadmin/epolitix/stakeholders/EC_CSR_Jan_2011.pdf)

UCU, (2010). “Energy Management: What role for the UCU?”, UCU Guidance Leaflet No. 2.

ICFTU, (2004). “A trade Union Guide to Globalisation”, 2<sup>nd</sup> Edition, International Confederation of Free Trade Unions, Brussels. <http://www.icftu.org/pubs/globalisation>

## **Appendix 7: Word Count**

Word count excluding abstract, acknowledgement, references and appendices: 86,927



## **Appendix 8: Declaration of Originality**

### **Declaration of Originality**

I hereby declare that the project is entirely my own work and that any additional sources of information have been duly cited.

I hereby declare that any internet sources, published or unpublished works from which I have quoted or drawn reference, have been referenced fully in the text and in the contents list. I understand that failure to do this will result in a failure of this project due to plagiarism.

Signed.....

Date.....